Warning by

BIS on

changes

markets

to capital

World news

Pretoria Chrysler clamps outstrips down on rivals in meetings quarter

The South African authorities fol-lowed up the extension of the state of emergency to eight magisterial districts in the Cape Town area with a ban on the meetings of 113 organisations in the affected zone. Most of them are affiliated to the

United Democratic Front (UDF), the anti-apartheid umbrella group, but also include the Moslem fundamentalist organisation Qibla, which has been active in the largely mixed race communities of the Western

Three policemen were killed in the Western Cape when their armoured car overturned while on

Uganda peace offer

Uganda's military Government bas offered the rebel National Resistance Army equal representation on the ruling Military Council, a de-mand which has been a main sticking point in peace negotiations, the official Radio Uganda said.

Greens in coalition

West Germany's radical Greens opted to enter a regional coalition government in Hesse. The move gives the ecologist party a share of real political power for the first time.

Arafat in Amman

PLO leader Yassir Arafat arrived in Amman for crucial talks with King Hussein of Jordan on the future of their Middle East peace initiative.

Servicemen cleared

The £5m (\$7.1m) trial in London of seven British servicemen accused of passing vital secrets to Russian agents in Cyprus ended with the acquittal of all of them.

Israel expels four Israeli authorities ordered the ex-

pulsion of four more Palestinians from the occupied West Bank and Gaza Strip for alleged guerrilla

President again

Veteran Ivory Coast leader Felix Houpbouet-Boigny polled his customary 99 per cent of the vote in presidential elections to win his sixth five-year term. He was the only candidate in the one-party state.

Argentine bomb

A bomb damaged a clothes store and gymnasium in a wealthy district of central Buenos Aires shortly after a court had upheld President Raul Alfonsin's right to detain suspected conspirators. News Analysis, Page 4

HK imprisons three

Three Hong Kong men were sen-tenced in Hong Kong to 12 years in jail for trying to kidnap millionaire newspaper publisher Sally Aw

Fire hurts 600

About 600 people received medical treatment, mostly for inhaling smoke, after a fire broke out in Mexico City's underground railway

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Weapons claim The Soviet Union has chemical weapons in at least 32 East European sites and is ready to fight Nato with nerve gas, the U.S. Defence Department said.

Chinese crackdown China has shut down almost 9,000 businesses illegally run by Communist Party and government offi-

cials. Page 6

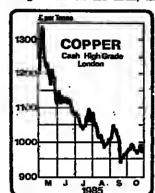
Bulgarian curfew Bulgarie introduced a curfew to ensure that its 1.5m schoolchildren are indoors early at night

Business summary

No. 29,765

CHRYSLER, U.S. car group, outper-formed larger rivals General Mo-tors and Ford in the third quarter, increasing operating and net profits while competitors were undercut by aggressive sales campaigns. Page 19

TRADING on the London Metal Exchange, the world's leading metals market has fallen sharply in the face of the threatened collapse in tin prices. Since the suspension of trading in tin on the LME, last



Thursday, business in other metals has dropped by an estimated 30 per cent. Yesterday the copper cash high grade price was down £21 at £968 a tonne. A two-day meeting of the International Tin Council, the producers' and consumers' group, starts in London today. Page 18; Commodities, Page 34

WALL STREET: At 3 pm the Dow Jones industrial average was down 1.57 at 1354.95. Page 42

LONDON: Weakness in gilts marred an active equity trading session. The FT Ordinary share index closed 2.2 down at 1048.6. The FT-SE 100 share index closed 0.2 higher at 1347.8. Page 42

TOKYO: A sharp rally led by blue chip electricals ended two consecu-tive sessions of declines. The Nikkei market average rose 104.41 to 12,937.04. Page 42

JAPANESE government bood prices continued to fall in thin trading as markets remained nervous bout the future trends of Ja interest rates and the value of the yen. Page 19; Editorial comment,

DOLLAR was weaker in London, falling to DM 2.643 (DM 2.653), FFr 6.055 (FFr 8.085), SwFr 2.167 (SwFr 2.172) and Y213.5 (Y214.8). On Bank of England figures the dollar's index fell to 130.6 from 130.8. Page 35 STERLING gained 1/2 cent against the dollar in London to \$1.4275. It also improved to SwFr 3.0925 (SwFr 3.09) but fell slightly to DM 3.7725 (DM 3.775), FFr 11.4975 (FFr 11.5)

exchange rate index rose 0.1 to 80.6. GOLD: In New York the Comex December settlement was \$328.7. Gold gained \$1 on the London bullion market to \$328.75 and was 75 cents higher in Zurich, also to \$326.75

and Y304.75 (Y305.5). The pound's

FINLAND'S smallest commercial bank, Bank of Helsinki, has become the object of a fierce takeover bettle between two of its larger competitors Skopbank, the savings bank group, and Union Bank of Finland. Page 19

GUINNESS PEAT, which owns the Guinness Mahon merchant bank, sought to create a new UK financial glomerate with a £212m (\$301m) bid for Britannia Arrow, the bank ing and investment group in which it already bolds 28 per cent. Page 7;

Lex, Page 18 CONTROL DATA, troubled U.S. computer maker, reported third-quarter net loss of \$255.8m compared with net earnings of \$54.5m in the same period last year.

GENERAL MOTORS postponed in-definitely its plans to take a controlling stake in Enasa, the Spanish manufacturer of Pegaso

Nato ministers wary of plans to update N-arsenal

NATO DEFENCE ministers are cluding the British and West Gershying away from plans for a comman armies, between 1988-1995. ance's battlefield nuclear weapons for fear nf giving fresh impetus to the nuclear protest movement, writes Bridget Bloom, Defence Correspondent, in Brussels. The proposal which may be dis-

cussed in a secret session of Nato's Nuclear Planning Group of defence ministers opening in Brussels this morning, has been drawn up by General Bernard Rogers, Nato upreme Commander in Europe. Presented in outline to the minis-

ters last March, the plan involves new nuclear weapons in Europe to the introduction of new short-range nuclear weapons to Nato forces, inthat they agreed to defer a decision

In return, weapons dating from the 1960s and 1970s would be

The Rogers plan is thus designed to provide for a sizeable reduction in the numbers of battlefield or short-range nuclear warheads in Europe. Some analysts suggest that as many as 1,000-1,500 could go, in addition to the 2,400, out of a 1979 plans to withdraw by 1988.

However, Nato ministers consider the possibility of deploying any

on the whole issue in March, and may well do so again this week.

The Rogers plan neatly dovetails

These reductions are being pre
These reductions are being pre-

with one of the main agenda items for this week's Nuclear Planning Group meeting - the implementa-tion of the much publicised deci-sion, taken by the defence minis-ters at Montebello in Canada in 1983, to reduce Nato's short-range nuclear warhead stockpile by 1,400 between now and 1988.

The ministers are expected inrmally to agree that two categories of such weapons can be withdrawn without jeopardising Nato security. These are the Nike Herrules air defence system, which is being replaced by the non-nuclear Patriot

IRI moves

to depose

bank chief

DR ENRICO CUCCIA, the 78-year

old eminence grise of Mediobar-ca, Italy's powerful merchant bank

was at the centre of a political storm yesterday when the three state banks that control 57 per cent

of Mediobanca took the unprecedented step of boycotting the annual shareholders' meeting, causing its abrupt cancellation. The meet-

ing was to have decided on whether

IRI, the state holding group which indirectly controls Medioban

ca through Banca Commerciale Italiana (BCI), Credito Italiano and

Banco di Roma, was directed by the Minister of State Participations to

oppose the reappointment of Dr

Cuccia; thus trying to end his reign

of 39 years of near absolute hege-mony over Italian corporate

The IRI banks last week an-

nounced they would not nominate

Dr Cuccia to another term because

he was beyond the mandatory re-tirement age of 70, Had Dr Cuccia been just another banker that would have been the end of the sto-

ry. But he is a close ally of Sig Giar-ni Agnelli, the Fiat chairman, and other leaders of Italy's private sec-tor establishment who also control

At a lengthy meeting of the

been learned that the state banks

stakes in Mediobanca.

Mediobanca board.

reappoint Dr Cuccia to the

Italian

sented as more than adequate compensation for the introduction of the new medium-range cruise and Pershing 2 missiles which began in 1983. But given the controversy which surrounded those deploy-ments, ministers are baulking at the prospect of further reductions if they are tied - as Gen Rogers has insisted they must be - to the arrival of yet newer nuclear weapons in Europe.

The principal weapons which would be replaced under the Rogers plan have ranges of between 20km and 500 km, well below those of the

BY IAN RODGER IN LONDON

I. I. CASE, the U.S. farm and con-

struction machinery maker, expects to invest £90m (S128m) and create

almost 2,000 jobs in Britain over the

next five years under a plan to transfer a large part of its manufac-turing activity from the U.S. to the

Case officials said they were also

looking at the possibility of trans-ferring some production from the U.S. to their plants in France and

West Germany as part of the strate-gy to produce the highest quality, cheapest tractors in the industry.

The plan, which will reinforce

Britain's position as the largest

maker of tractors in the Western

world, will also mean the reopening

of a former International Harvester

tractor factory at Doncaster in

South Yorkshire, and new exports

worth about £130m a year by 1990.

The two tractor models being moved to Doncaster will come from

the Case plant at Racine, Wiscon-

sin, while the two transmissions,

which are used in combine barves-

ters and cotton pickers, have been

made at the former International

Harvester plant at Rock Island, Illi-

The Department of Trade and In-

dustry in London, which is provid-

ing a grant to belp with the cost of transferring machinery from the

U.S. to Doncaster, estimates that by

cluding engines from the Cummins

Engine plant at Darlington.

Mr Peter Morrison, the junior In-

dustry Minister, said yesterday that

this was one of the largest inward

investment projects ever seen in

Britain. It was also "a vote of confi-

dence" in improvements in Britain's

underlying competitiveness, pro-

ductivity and industrial relations, in

the fight against inflation and the

ployed in central Europe by Britain, Belgium, Germany, the Nether-lands and Italy, as well as the wide-ly deployed 155mm howitzer shells and the sort of "free fall" bombs carried by Jaguar and Tornadn air-craft, which constitute Britain's in-dependently operated short-range

nuclear deterrent. Officials at Nato headquarters in Brussels and at the military headquarters near Mons were at pains yesterday to say there was nn question of any of the weapons being re-

Continued on Page 18

Mr Dick Seagrave, senior vice-

president of Case for the group's

European manufacturing plants, was less specific about the total

five-year programme than Mr Mor-rison. He announced only the first

phase, which involved the transfer

of production of two tractor models

and two transmissions from U.S. plants to the UK. This operation, to

be completed in late 1986, would

mean investment of £41m and the

creation of 300 to 500 jobs at Don-

caster, where the former Interna

tional Harvester plant at Carr Hill closed in 1982, would be reopened.

Mr Seagrave said these moves

followed a major examination by

Case of its farm machinery busi

ness after its acquisition of Harves

ter's farm machinery assets early

this year. One conclusion was that

the company, a subsidiary of the

U.S. Teoneco energy and engineer-

ing conglomerate, should transfer

some production from its U.S.

plants to European plants if it was

By Peter Montagnon In London A NEW warning that the rapid pace nf change in international capital markets "may contain the seeds of future problems" has come from the influential Bank for International Settlements (BIS) in Basle.

The warning, included in the first of a series of regular analytical re-ports on capital market developments, reflects the deep misgivings beld by many of the leading central banks which own the BIS over aspects of the current market revo-

lending, an upsurge in bond business and the development of instruments such as note issuance facili-Five particular areas of concern are singled out in the report, start-

Second, the BIS says that many

present and ways will have to be found for them to regain access to the marketplace or to find other sources of funds. Meanwhile, banks are increas-

ingly undertaking off-balance sheet business, for example by underwriting Euronote issues on very thin margins, although this was initially a deliberate strategy aimed at improving their profitability.

The sharp increase in bond mar-

to be world cost competitive. "By approval of the investment Tenneco has given Case employees the opportunity to prove that we can beat the Japanese in North America with products made in Europe," Mr Seagrave said. *Further projects are still in the

the next few years, he said. As we and providing for the risk involved prove that Doncaster costs are competitive, we will create substantial additional employment in our facto-Mr Seagrave also indicated that

Continued on Page 18

Case to transfer much of tractor output to Britain

None the less, the fact that the BIS has chosen to amplify its routine report on international bank lending flows testifies to its belief in the irreversibility of what it calls the "radical change" in internationreduction in taxatinn especially on al financial markets since 1982. This includes a slowdown in bank

ing with the split market that has developed in which banks are left doing business with the higher risk borrowers that cannot raise money in the securities markets.

countries are excluded from the in-ternational financial markets at

ket financing over the past few years has also led banks to pile marketable securibes on to their own books. This may appear to strengthen their liquidity, but might cause problems to the banking sector in the case of a general tightening of credit conditions."
Finally, banks and the authori-

planning stage for Doncaster which will result in more investment in in the new financing techniques, "a task in which past experience offers little guidance. Figures provided by the BIS in

conjunction with its study show the future of the company's two other UK tractor factories, at Meltham, near Huddersfield, and Leigh, near Manchester, previously considered level of \$115.5bn. Details, Page 20

would press UK, Greece to join EMS BY QUENTIN PEEL IN LUXEMBOURG

Brussels plan

posed yesterday that the European Monetary System (EMS) be given the full legal authority of the Treaty of Rome, in a move likely to step up the pressure for Britain and Greece to join the exchange mechanism which links the rest of the EEC

The plan, presented by M Jacques Delors, president of the Commission, to EEC finance ministers, would also establish the procedure for creating a European Mone-tary Fund, which could ultimately become some sort of European

By incorporating the EMS into the Treaty, the Commission would firmly establish the competence of EEC institutions in monetary matters, hitherto regarded by some member states as a subject for separate inter-gove rument and central bank negotiation. It would also give the Commission itself a right of initiative for the future development

of monetary co-operation.

Sterling and the drachma could Sterling and the drachma could come under renewed pressure to participate fully in the system, because they would have to defend greated it with predictable caution, speaking and the drachma could be defend greated it with predictable caution, speaking and the drachma could be defend greated it with predictable caution, speaking and the drachma could be defend greated it with predictable caution, speaking and the drachma could be defend greated in the defend greated it with predictable caution, speaking and the drachma could greated the defend greated it with predictable caution.

However, M Delors beot over backwards in his presentation to reassure the ministers - and indirectly their central bank governors - that the proposals were not intended to undermine national sovereignty in currency matters. The commission plan was submit-ted yesterday as a proposed amendment to the Treaty of Rome, whose reform is currently being considered by senior national officials in the so-called inter-governmental conference. It constitutes the monetary arm of a Community reform package put forward by M Delors, including faster moves towards a single common market, and extending EEC competence for subjects

The Greek package of economic austerity measures, including a devaluation and the imposition of wide-ranging import deposits, were yesterday again criticised by EEC finance ministers in Luxembourg. Mr Costas Simitis, the Greek Finance Minister, de-fended the move and blamed the cost of EEC entry for part of the country's economic problems.

such as technology and environment

The wording of the proposed amendment has nevertheless been drafted with great care so that currencies like sterling and the drachma which are not full members of the EMS exchange rate mechanism, would not seem to require a derogation from the Treaty to remain

The plan is still likely to be con-troversial, especially with the pow-erful West German Bundesbank, cause of the process it could set in train towards autonomous European monetary institutions.

Bonn Government was committed to thorough consultation with the Bundesbank before any develop-M Delors, who had promised to

went to the cooference, insisted: "We are not proposing monetary revolution by institutional means. Nor are we proposing a complete Treaty of Rome amendment

should not overturn national rules, but take them into account," he

Sig Giovanni Goria, the Italian Continued on Page 18

rejected his offer. Dr. Cuccia, who is under investi gation by a Rome magistrate in ment of the EMS could be connection with an IRI embezzlement scandal from the 1970s, has been Italy's most influential deal present his monetary reform plans maker and financial fixer of the to the finance ministers before they post-war period. With the Agnellis, post-war period. With the Agnellis,

Pirellis and other members of Italy's financial elite, he has constructed a spider's web of financial power, based on industrial cross holdings and on the fact that no im portant deal could go ahead without his personal imprimatur. The very basis of this complex

power structure has been thrown into doubt lately, in part as a conse-Continued on Page 18

BTR uses convertible bond to enter European equity market

BY MARTIN DICKSON IN LONDON

two-tranche issue of paper.

The issue is significant not just

for its size but because it is structured in a way aimed at providing particular encouragement for holders to convert their bonds into The aim of the issue, which is be-

ing led jointly by Hill Samuel and Swiss Bank Corporation International, is to raise equity capital while making BTR better known abroad It is believed that the company

BTR, the diversified UK industrial Exchange turned down its plans for the mix of currencies in the bond is holding company, is making the a direct placing of shares in contin- sue is designed to reflect this. biggest issue of convertible Eurobonds by a British company. It announced yesterday that it was raising \$150m and Ecu 170m through a should have an equal right to take

Other UK companies to have
occupance is testigned to reflect this.

Other UK companies to have
issued convertible Eurobonds inrules that existing shareholders
clude Lonrbo, Lasmo,
Cadbury-Schweppes and Imperial up an issue of equity.

The London exchange does allow the placing of convertible securities in the European market, provided these do not amount to more than 5 per cent of a company's equity. In BTR's case the issue will maturity, have an indicated 4 to 5 amount to 4.8 per cent of its exist-ing share capital if fully converted.

BTR, with interests in construction, engineering plastics and rubber products, has substantial busidecided to take the convertible bond route after the London Stock nesses in Europe and the U.S. and

clude Lonrbo, Lasmo, Cadbury-Schweppes and Imperial Chemical Industries, which raised £75m (\$107.2m) a year ago in the Eurosterling market.

In BTR's case, the encourage ment to convert into shares is part per cent conversion premium. This means that they can be converted At present only a tiny proportion of into shares at a price only 4 to 5 per its shares are beld abroad. vailing when the terms of the bond are fixed. BTR shares closed last night at 380p, up 9p on the day.

Lex, Page 18; Bonds, Page 19

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Spanish opposition launches manifesto

BY DAVID WHITE IN MADRID

THE CAMPAICN for next bureancracy, tighter control of year's Spanish general election the state's needs in order to party Alianza Popular launched a manifesto blaming the Socialist Government for failing to resolve the economic crisis and for "confusing a modern, young, dynamic country with a Third World nation."

Sr Manuel Fraga, the party's leader, said the manifesto— entitled "This Can Be Fixed" was a response to "profound frustration" over the results of Socialist rula.

The manifesto, which has taken more than a year to prepare, contains concrete pro-posals in fields such as tax reduction and incentives for investment and exports. But it is more a critique of the Socialist model than a programme of specific measures.

Interestingly, It contains no proposals for privatising nationalised companies, calling instead for "reform" of the public sector. Sr Fraga said refurm could mean privatisation The latest opinion polls, in many cases, but that some however, show that Alianza state companies would continue Popular's hopes of reaching

The manifesto calls for more professionalism, fair com-petition between public and the daily newspaper El Pals private companies, drastic cuts gave the party and its allies in state funds for lame-duck a committed vote of barely 13 nationalised industries, limits to per cent.

began in earnest yesterday when release funds for the private tha main right-wing opposition sector, more spending on research and an easing of hiringand-firing laws.

Other proposals include an end to exchange controls, the scrapping of property tax, lower inheritance taxes, and an amnesty to allow companies in the "black" economy to regularise their situation.

On the issue of Basque terrorism, it calls for "restor-ing the morale" of Spain's security forces

Rejecting the planned referendum on Nato, it says Spain should become fully integrated in the alliance and should seek "compensations" for doing so—including over

While backing Spain's entry to the EEC, the document criticises the farm terms and negotiations within the Com-

power are still remote. With 26 per cent of the electorate still undecided, the survey in

Fabius's aggressive match play called out of court by Press

LAURENT FABIUS, the French Prime Minister, demon-strated at the weekend that he could rival the aggressiveness of the irascible U.S. tennis star John McEnroe, who happened to be in Paris for an exhibition

But his performance on Sunday evening in his televised de-bate with M Jacques Chirac, the Mayor of Paris and leader of the neo-Gaullist RPR opposition party, was judged generally negativaly by the Press yester-

By making an all-out, but only partly successful, effort to hound and provoke M Chirac, M Fablus may well have strengthened his hand within the Socialist party ahead of the general election in March. In the past be has faced criticism from the rank and file for being too weak. But be may have made a tactical error by breaking with an image of technocratic pragmatism and moderation that he has tried to since becoming Prime Minister

in July last year. The debate was rich in insults and mutual accusations of fallure during earlier periods of the two men's careers. M Fahius was blamed for sharply increasing the budget deficit when he

FRANCE'S eight-digit tele-phone dialling system has entered service with Bo serious troubles, writes David Marsh. When the normal Monday surge of telephone traffic took place yesterday, subscribers proved more adept than expected, although

adept than expected, atmosphing to make mistakes on calls.

The system, intended to increase network's capacity in preparation for new voice and data services, was introduced to the capacity in the capacity duced on Friday night. Officials say the massive advertising campaign prepar-ing users for the switchover appears to have paid off.

accused of producing double-

promise that right-wing govern-ment would abolish administrative controls on redundancies.

With neither opponent likely to have strengthened confidence in his statesmanlike qualities was in charge of the Socialists among mainstream voters, the Initial fiscal reflation as Budget overall effect of the debate may

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be to increase electoral disenchantment with party politics. The beneficiaries of the cootest could be the two politicians on the Left and the Right who now most embody dispassionate solutions to the economic crisis. ande are squaring up as the most likely contenders for the presidential election in 1983—M Michel Rocard and M Raymond Barre.

M Fahius, fresh from witnessing a French nuclear test in the South Pacific last week, made it clear from the omset his chief goal was in goad M Chirac. The Prime Minister, overruling appeals from the two inventions. journalists refereeing the dehate, repeatedly interrupted M Chirac, and condesceodingly reminded him at the end that a

Prime Minister needed to keep calm in order to govern. accused of producing doubledigit inflation when be was
Prime Minister under President
Valery Giscard d'Estaing between 1974 and 1976.

But the exchanges brought
little in terms of concrete
economic policy pronouncements, apart from M Chirac's
promise that right-wing govern-

future. points from more militant Socialists, M Fabius may need more of McEnroe's sophistica-tion and less of his abrasiveness to win the hig match next March.

Advanced car for Romania

ROMANIA'S Autodacia car company is to introduce a new model next year which it claims will be four years more advanced than foreign cars and uses "no foreign licences, parts or materials," Leslie Colitt reports from Berlin.

The new Dacia 500 will be the fourth car model to be produced in Romania, an achievement no other East European country can match. Photographs of the new car's prototype show it to have an up-to-date, ultra wedge-shaped, glass-fibre body. The ear's weight of only 530kg and its two-cylinder, aircooled engine developing 22,45hp, claim that it uses less than 4.5 litres of petrol per 100 km city driving.

The new model is desperately needed by Autodania because the larger model Dacia is based on a Renault licence for the R-12 which

U.S. official in Athens for talks on bases

THE U.S. Under-Secretary of State for political affairs, Mr Michael Armacost, arrived in Athens yesterday for two days' Athens yesterday for two days official talks during which he is expected to sound out the Greek Socialist Government's intentions on the future of the four American military bases in

Greece.

The Socialists say they are committed to closing the bases when the present five-year agreement for their operation runs out in December 1988.

Mr Armacost is the most senior U.S. Administration official to come to Greece, since the Socialists wan a second four-year term in government in general elections last June. According to both sides, his visit will be devoted to a comprehensive review of Greek-U.S. relations.

This is expected to cover, not only the thorny question of whether the bases are to go or stay, but also such issues as labour problems involving Greek workers at the bases; security, both relating to ter-rorism and to alleged Soviet spying activity in Greece; and bilateral economic and trade

relations Also expected to be discussed are the stalled sale of 40 American F-16 military aircraft to Greece, and the progress of U.S. backed United Nations efforts to bring about a peace settlement in Cyprus.

Mr Armacost's two-day pro-gramme, today and tomorrow includes a meeting with the Prime Minister, Mr Andreas Papandreou, who is also tha Minister of Defence, as well as the Foreign Minister, the Minister of the Interior and Public Order, and the alternate Defance Minister.

The Greek side is attaching high importance to the economic aspect of tha talks. Athens is anxious to breatha life into a commitment to develop hilateral economic re-lations, which has so far remained a dead letter, in Articla 10 of the five-year agreement on the operation of the U.S.

between the Papandreon Government and the Reagan Administration in 1983. For the U.S. side, the top

the future of the bases.

Reflation possible in Portugal, claims departing minister

PORTUGAL'S DRASTIC twoportugal's Drastic two-year financial stabilisation pro-gramme has succeeded to the extent that cautious refiation is new possible, according to the outgoing Finance Minister, Sr Ernani Lopes. He told a seminar for foreign bankers that economic growth would top 2 per ceot this year, compared to a 0.5 per cent fall in 1984. Inflation has declined from a high of 30 per cent in 1983 to a forecast 16 per cent this year. This has enabled dispos-able income to recover modestly.

Sr Ernani Lopes stressed that the remarkable improvement in the external accounts — the deficit has fallen from \$3.2hn in genci has failed from \$5.201 in 1983 to less than \$200m expected this year — is not due merely to curbing imports. Exports have grown by 45 percent in volume sinre 1983, compared with 11 per cent hetween 1980 and 1982.

The governor of the central bank, Sr Victor Constancio, stressed that a change in the composition of exports will en-

able economic recovery in be made on a more stable basis.

Imports have fallen not only because of recession but to higher agricultural and hydroelectric output, making it nece sary to huy less grain and fuel. Sr Constancio underlined the

improvement in Portugal's foreign debt structure. There has been a drop in the short-term ratio from 30 per cent in 198182 to 18 per cent how.
Total growth of borrowing has also slowed to \$546m, considerably less than planned at the beginning of the year. Thanks to an improvement in the current account deficit, liquid reserves bave been built up for

the first time in several years.
The effect of EEC membership from January, said Sr.
Constancio, will give Portugal access to special funds. This is likely to limit borrowing on the market to about \$1bn next year.

He added that Portugal can
afford economic growth of 3-31
per cent next year, with a
current account deficit of about

Swiss right-wingers score surprise local election win

BY WILLIAM DULLFORCE IN GENEVA

THE National Action, a rightwing political group campaigning on an anti-foreigner platform, scored a quita unexpected
win in local elections in
Lausanne on Sunday.

The vigilants advance was
generally interpreted as reflecting the unique situation of

Coming shortly after the vic-tory of the associated Vigilant group in local elections in Geneva, the result seems to reflect an upsurge in xenophobia in the cities of Frenchspeaking Switzerland.

In Lausanne one in six voters backed the National Action (NA), giving it 16 seats on the city council and making it the third largest group after the Socialists (27) and Radicals (24), according to provisional results.
The NA was not represented

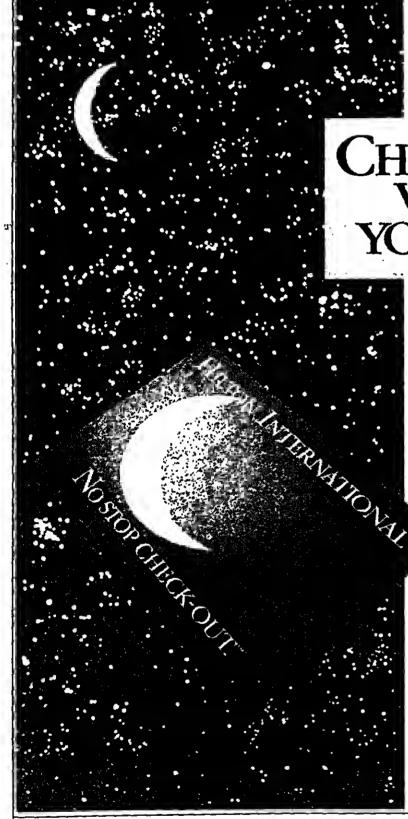
in the previous council and had nominated only 12 candidates for Sunday's election; they now have to find four more.

In Geneva the Vigilants placed 19 members, a gain of 12, in the 100-seat city council, becoming the largest group alongside the Liberals. In both

Geoeva, where one-third of the population is foreign and the native Genevese have started to resent the sbortage of bousing, high rents and traffic problems. The result in Lausanne, where foreigners are much less prominent, suggests there may be other causes behind popular

support for the nationalists. The NA has been campaigning actively against what it claims to be an excessive influx of political refugees seeking asylum in Switzerland, in par-ticular Tamils from Sri Lanka and Zaireans.

It made a breakthrough in local elections in Bern, the capital where 1,200 Tamils had congregated and notched up gains in other parts of Germanspeaking Switzerland, including



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Hanolulu (Kahali Hidion), Kanasa Giy (Visa International), New York (Vista International)
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EUROPEAN NEWS

Coalition vote in Hesse leaves Greens divided

BY RUPERT CORNWELL IN BONN

THE ADVENT of the first ever "red-green" coalition to govern a West German Land, or state, is unlikely to heal the deep split within the radical anti-nuclear Greens party over the issue of powersharing with the

issue of powersharing with the Social Democrats (SPD).

This was clear yesterday, only hours after an often beated meeting of Greens from Hesse voted by a two-to-one majority to enter an SPD-led state administration which, for the first time in two years, will command a clear majority of the 110 seats in the assembly.

The meeting was marked by

The meeting was marked by the argument between the party's two wings, the so-called "Fundamentalists" and the "Rundamentalists" and the "Realists." The former reject any sort of deal with other parties: the latter believe that only by bolding office will the Greens be able to put some of their policies into effect.

Sunday night's vote was itself

taken in deflance of a recommendation here by the Greens' federal committee, the party's senior constitutional body after the annual national body after to reject the coalition proposal,

3**C**Ore

m win

INFLATION in West Germany has again fallen below 2 per cent, writes Rupert Cornwell, According to provisional figures, prices in October were only 1.7 per cent above the level of 12 months earlier. The figure, which confirms West Ger man_{A} as the Western country with the lowest inflation rate, is the best since September 1984, when the rate briefly touched 1.5 per

field of the environment. Herr Joschka Fischer, the 37-year-old

West Germany takes major leap into space RY PETER MARSH WEST GERMAN scientists and scientists, West German industrialists will be turning Industry is beginning to show industrialists will be turning Boerner, Hesse's SPD Premier, their attention towards the

aimed at the gradual destruction of the Greens in the state. occasion of the country's first The main consequences of major space mission, an event the deal are likely to be in the toat could pave the way for space factories.
The country is paying

Joschka Fischer, the 37-year-old former Bundestag deputy who will bold the Hesse environment portfolio for the Greens, declared yesterday that he would insist that existing environment controls are observed strictly.

While the threat of tighter curbs is the principal reason for the abuse beaped on the Green-SPD agreement by big business in recent days, the new

interest in materials' experi-ments in the heavens.

One indication is that a group of West German companies— Wacker Chemie, MAN, Krupp and Standard Electrik Lorenz is collaborating with academic scientists in some of the experi-

ments on this mission, code-named D-1.

Wacker, a leading supplier of silicon, wants to find out if low gravity makes it possible to grow large, near-perfect crystals of semiconductors Krupp, meanwhile, thinks that the company's metallurgy re-searchers could benefit from

German Italian serospace company, plans to act as a marketing agency to tempt manufacturing companies to try out space as a place in which either to do

TOMORROW'S SPACELAB MISSION WILL TEST COMMERCIAL POSSIBILITIES

experiments or to set up prolo-type process plants.

For instance, the company will attempt 10 act as a bridge between government agencies that will operate the \$12bn international manned space station, due to be built under U.S. leadership in the 1990s, and companies which could use the facilities of orbiting work-shops to turn out new products.

Intospace's other share-tolders include Kali-Chemie (cbemicals), Preussag | min-erals), Hans Kolbe (pump builder), Kienbaum (consul-

companies Aerospace with the rest reserved for user industries.

Herr Juergen Witte, market-ing manager at MBB Erno, said Intospace would probably not build its own space platforms bul would use hardware owned by government organisations, including the U.S.-owned Space-lab and Eureca, an unmanned space platform under construc-tion by the 11-nation European Space Agency (ESA).

Reunion

Green-SPD agreement by big astronauts conducts scientific to largest yet for a coalition is already weighing on the grounds that it could fatally diminish the credibility of the Greens as an antigetion member of the Hesse agreement as proof of the Green said yesterday be would vote against the new forms for the Chancellor partialment, said yesterday be would vote against the new forms for the Chancellor show the SPD, and Herr Johannes Rau his likely on the grounds that it could fatally diminish the credibility of the Greens as an antigetion of the Hesse agreement as proof of the Greens as an antigetion of the Hesse agreement as proof of the Greens as an antigetion of the Hesse agreement as proof of the Greens as an antigetion of the Hesse agreement as proof of the Greens as an antigetion of the Hesse agreement as proof of the Hesse agreement by big astronauts conducts scientifies only the latest senior conservation of the Hesse agreement by big astronauts conducts scientifies and the work in observing, for instance, how different mixtures of the Hesse as an antigetion of the Hesse agreement as proof of the Hesse agreement as proof of the Hesse agreement as proof of the Hesse agreement is altered weighing of the feel and population is already weighing of with the least senior conservation of the Hesse and Doublet and Population is already weighing of the feel and population is already weighing of with the latest senior conservation of the Hesse and Doubleton and Population is already weighing of the feel and Population is already enterion. According to the feel and Population is already enterions. According This week's Spacelab flight

allowed to take a total share-holding only of 38 per cent, with the rest reserved for user

November 1983, was a joint exercise between the ESA and Nasa while the other two were

Nasa while the other two were all-American flights.
For D-1, West Germany is paying Nasa DM t70m (£45m) for the hire of Spacelab and for the costs of launching a space shuttle. The rest has paid for scientific experiments and staff salaries.

As part of an agreement with Nasa, the ESA is supplying further experiments which it is paying for separately.

Not the least significant part of this week's launch is that it wilt double the number of West Europeans to go into space.

Recovery fails to ease young people's unemployment burden

THERE HAS been a startling unemployed young people in deterioration in the nature of vouth unemployment throughyouth unemployment throughout the world's major economic nations and there is now virtually no hope of reducing appre-ciably the large number of

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This is the gloomy diagnosis of a special report by the Organisation for Economic Cooperation and Development (OECD) in Paris based on 19 of its member nations.

Between 1979 and 1982 youth unemployment increased by a baif in the Oecd countries to an average level of 17.4 per cent. The lowest was Japan at 4.4 per cent and the highest Spain at 36.9 per cent with Britain at 23.1 per cent.

Only in the U.S., where there

ployment front.
Overall unemployment in the

OECD area other than the U.S. is expected to continue rising. increased from 19m in mid-1984 to 19.5m in mid-1985. In the four major West European countries — Britain, France, West Germany and Ilaly—the unemployment rate

per cent in 1985.

"In short, contrary to all past experience with youth unemployment in the OECD area, the current economic recovery is not expected to yield appreemployment opportunities for young people in most OECD countries, or reduced unemploy-

meni rates." The organisation concluded that new policles were needed for the young including new bas been dramatic job growth, strategies and alternatives to ployment from work; to cope with the long-term intractability of the

Robin Pauley looks at OECD's forecast of job trends for youth

	1983	1984	1985*	19861
Youth unemployment rates				
U.S.	16.4	13.3	12}	12
Japan	4.5	4.9	4}	5
West Germany	10.8	10.1	91	9
France	21,1	26.1	29	31
UK	22.7	21.8	21}	21
Italy	32.0	34.1	351	37
Canada	19.9	17.9	17}	17
Spain	38.9	44.5	46	46}

nature in four important difficult for them to find secure respects." jobs. Most of their difficulty

• Unemployment for disadvanstems from too many people lialy—the unemployment rate taged youth, particularly the seeking too few jobs but they for young people continued disabled, has increased and also seem to be victims of rising from 21.1 per cent in 1983 spells of unemployment bave, "widespread structural misto 221 per cent in 1984 and 221 become longer for them. matches."

problem.

Since the OECD first starting analysing youth unemployment among better trained analysing youth unemployment educated and better trained rates have dropped in nearly youth 1977 "the youth unemployment among better trained rates have dropped in nearly youth has increased making it all countries, most markedly for teenagers, and education enrol-

> · As youths move into their 20s their employment experience is not improving, contrary
> to past experience; raising the report also called for new
> spectre of a high-risk generapolicies on alternatives to uncould be financed partly by
>
> the concerns felt about
> everyone up to the age of 21—
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tion—"a cohort of young neople born between the late 1950s and mid-1960s" which could transform today's youth unemployment problem into tomorrow's adult unemploy-ment problem.

The report called for addi-tional education and vocational trsining and skill-training better directed at those jobs and employment sectors which are expanding.

It also called for an increase in employment either through job-sharing or through the reduction of marginal labour costs through, for example, sub-minimum wages for youth though it underlined the fact that there were also disadvantages with all such schemes. But, as the OECD analysis

indicales that high youth unem-

ndividuals and society
The basic proposal might he a youth allowance paid as a right to all young people not in fulltime employment to give them a financial base. They

could then undergo more education or training or pursue a variety of initiatives and pasttimes outside the workforce. Such an approach to a youth guarantee would transform the present stigmatised safety net

approach to welfare payments
to the non-working young.

The efforts and energies of
the young could be directed by
an additional means-tested
living allowance to those in full-time education or training, or undertaking some form of youth service,

If social integration were a serious objective other benefits might be provided — half-price travel and entry to institutions, clubs and entertainment for

employment making spells with-out work more productive for Individuals and society subsidies and payments aimed subsidies and payments aimed more or less at youth, These include student scholarships, subsidies to employers, unemployment and welfare benefits. allowances to parents dependent children over 16, free or subsidised post-compulsory or university educa-

> The scheme would still require net extra expenditure in most countries depending on the type of scheme developed bul the youth bulge is growing older and most countries are starting to see a decline in the population in the 16 to 18 age group "so the present time may be a favourable oppor-tunity," the report said. The final cost would need

> to be weighed against the seriousness with which society regards the youth problem. It would certainly meet many of the concerns felt about youtb." New Policles for the Young;

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The order on Tuesday in arrest the 12 initially struck public opinion as a bold and necessary step by a government that was heing shown up as impotent in the face of a wave of bomb attacks against military and civilian targets.

But the appearance of pur-But the appearance of purpose and resolution implicit In this first clampdown on serving hard-line military officers since the Government took power in December, 1984 has proved a two-edged sword.

Within hours leading jurists crime any attempt to destinate a democratically campaign."

By Friday the Minister had been forced to eat his words. A state of siege — officially "in defence of democracy" but also as a way of providing a foolymithin hours leading jurists. The main consideration appears

the line in the run-up to lessed respect for human out doing anything that would Sunday's midterm congressing rights, the constitution, and unduly alarm domestic and sional and local elections. The rule of law on its bead.

a conscious re-run of methods a conscious re-run of methods practised regularly by former military regimes than the product of legal confusion and political miscalculation made under pressure of avents.

Government officials appear to have been initially influenced by recently approved parliamen-tary law which declared as a crime any attempt to de-stabilise a democratically elected government.

sional and local elections.

This appears to be the main outcome of the events of the last week which began with the linking of aix military officers and six civilians to a "destabilisation campaign."

The week climaxed in an unprecedented tug of war petween the democratic authorities and the judiciary fallowing the surprise declaration of a state of siege on Friday.

The order on Tuesday to the rule of law on its bead.

The presidential decree had no legal precedent in its volation of three articles of the constitution which state adelaration of a state of siege the constitution which state quite clearly that no Government was particularly worried about the impact a declaration of a state of siege might bave on its image abroad since the success of its foreign policy on issues like the Falk-land Islands depends fundamentally on the regime being viewed as democratic.

It was also felt that such a drastic move would be quickly exploited by the opposition which has accused the Government was particularly worried about the impact a declaration of a state of siege might bave on its image abroad since the success of its foreign policy on issues like the Falk-land Islands depends fundamentally on the regime being viewed as democratic.

It was also felt that such a drastic move would be quickly exploited by the opposition which state and the success of its foreign policy on issues like the Falk-land Islands depends fundamentally on the regime being viewed as democratic.

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It was also felt that such a drastic move would be quickly exploited by the opposition which state and extend the constitution of three articles of siege on the constitution of three articles of siege on the constitution of three articles of siege and constitution which state and extend the constitution of thr

viewed as democratic.
It was also felt that such a
drastic move would be quickly
exploited by the opposition
which has accused the Government of turning Argentina into
an authoritairian controlled
democracy, Mexico style.

Last Tuesday night Sr Antonio Trocolli, the Minister of the Interior, declared: "We shall avoid a state of siege and a serious disturbance that this would signify for the electoral

unduly alarm domestic and ruled that the state-of-slege decree Alfonsin to order arrests. Fol-lowing this ruling, President Alfonsin is hoping that the embarrassing battle with the judiciary is over.

The Government has taken comfort from the fact that Western governments led by the U.S. have railied quickly in its support — an indication that any future attempt to topple democracy in Argentina will count on few allies. On the domestic front most

politicians have accepted that the measures will have only a limited scope and will not affect basic civil liberites or the hold-ing of elections. Nevertheless, there remains a lingering perception of a week during which a govern-ment somewhere along the line came dangerously close to losing.

its hold on things. The crisis, moreover, has left unresolved the question mark which still hangs over the real nature of the perceived

Government officials have so far preferred to hint only in private rather than clarify anygerous confusion into the already beated election cam-

spiracy theory is that those arrested had been working closely with sectors of the right-wing Press to exploit current military disquiet with the buman rights trial of the for-

Nevertheless, most political observers here discount the possibility that the wave of observers here discount the possibility that the wave of terrorism can develop into a successful coup. Though clearly unhappy with the trial of the juntas, the bulk of the armed forces are reluctant to assume the responsibility for the social chaos and diplomatic isolation that would almost certainly follow a more widely organised intervention at this stage.

Fresh debate bas been fuelled, bowever, by the fact

lunatic fringe. One theory is that the arrested officers were acting under orders from more thing in public, throwing an senior members of the military element of potentially dan-hierarchy, whom the Governhierarchy, whom the Govern-ment has preferred to leave un-

touched for the moment for fear of provoking a wider conflict with the armed forces. This is the result, critics say, of a lack of Government resolve to push ahead with military reform, particularly inside the intelligence

The continuing hesitance suggests that the Government wants to await the outcome of Sunday's vote before deciding how to deal with the armed



Oilfield finds raise Brazilian hopes of self-sufficiency

BY ANDREW WHITLEY IN RIO DE JANERIO

Located in waters ranging between 820 and 3,600 feet in depth, the discoveries will, however, be a challenge technologically. The deepest offshore oilfields in production worldwide—in Brazil's Campos Basin and in the Gulf of Mexico—are in water depths of

The two new fields are known by the code numbers of their key wells, 319 and 305. Both are large by world standards, with combined recoverable reserves of more than 1.5bn barrels, equivalent to nearly seven years' domestic consumption.

To bring them on stream Petrobras, the state oil com-pany, is planning a substantial increase next year in its programme.

and thus presents less of a chalcoploration and production in Both of the new fields are lenge to technology, is likely to vestment programme, reversing located on the fringes of the a recent downward trend.

Campos Oll basin, already by ing to Sr Freire.

THE DISCOVERY of two major niffields in deep waters near Rio de Janeiro has raised Brazil's proven reserves by 75 per cent. The finds could also guarantee this previously large importer of crude oil self-sufficiency by the end of the decade.

Located in waters ranging between \$20 and 3,600 feet in denth, the discoveries will.

According to Sr Helio far the largest oil producing region, Oil with a specific gravity of 21 degrees API, a beavy grade but said to be flowing easily, was first struck in Field 219 in February this year. But the field's full potential of over 1bn barrels of recoverable crude duction budget reached \$2.87bn.

Since then the oil sector bas Since then the oil sector bas had to bear its share of the

> According to Petrobras, leading foreign concerns such as Brown and Root of the U.S. will bave a role to play as con-sultants, but equipment orders are expected to be placed almost exclusively with Brazilian nffsbore industry companies, who are facing a shortage of business.

Local companies such as Mendes Junior and Montreal Engenharia are aiready responsible for 95 per cent of supplies the to the Brazilian offshore oil

There is greater uncertainty over the aize of Field 305, located on the northern edge successive cuts in state spendof the Campos Basin. But Sr Wagner Freire, exploration director of Petrobras, said last week it certainly contained over 500m barrels, with an API of 29 degrees. The largest Brazilian field in production— the Namorado in the Campos Basin—is believed to contain 250m barrels

> Brazil is currently producing over 600,000 barrels per day, two thirds of its needs. A decision to go ahead with the development of 305, which is in shallower waters than 219

Machine tool orders fall 7%

By Terry Dodsworth in New Yor ORDERS for U.S.-made machine tools fell sharply last month from their level of a year ago, according to the National Machine Tool Builders' Association. This means they have declined for three consecutive months.

Although deliveries bave increased in the quarter by 12 per cent from their Angust total to \$242.5m (£169m) orders were down by 7 per cent on the previous month to \$171.7m. Compared to a year ago, they fell by 40 per cent. per cent.

Analysts also see the down ward trend as a threat to robust growth in the U.S. conomy next year, when many economists have been predicting an upturn from this year's record of low growth.

If the present trend continues for the rest of 1985, it is unlikely that the machine tool industry will be able to top the annual orders of \$2.9bn achieved last year.

Wheeling-Pittsburgh workers end strike

BY PAUL TAYLOR IN NEW YORK

WHEELING - PITISBURGHS 8,200 U.S. steelworkers have begun returning to work ending a three-month-old atrike at the nation's seventh-largest steel-maker.

The return, which ends the first major U.S. steel strike nist major U.S. steet workers since 1959, came after workers ratified a wage and benefits package cutting Wheeling-Pitts-burgh's already below-average wage rates by 16 per cent to \$18 (£12.60) an bour from \$21.40. The U.S. industry wage and benefits packages average between \$23 and \$24 an hour. The wage pact, seen to be a key test for the still beleagured U.S. steel industry, is also cru-U.S. steel industry, is also cru-cial to Wheling-Pittsburgh's new

management's attempts return to financial health. The steelmaker filed for protection from its creditors in April this year after talks with ts bankers on restructuring \$514m in long term debts broke after the company attempted to the federal Pension Benefit Impose wage cuts. Last month Guaranty Corporation to make Mr Allen Paulson, Wheeling- up the bulk of the deficit.

Pittsburgh'a biggest abare-bolder, took control of the atecimaker in a management resbuffle involving the resigna-tion of Mr Dennis Carney, the company's controversial former chairman.

Union ratification of the con-tract—by almost a four-to-one margin—came over the week-end after a federal bankruptcy judge over-ruled objections to the agreement filed by Wheeling-Pittsburgb's 11 creditor

Wheeling Pittsburg said yesterday that a "skeleton crew" returned to work Sunday and that it expects to begin steel production early next

The agreement which comes after months of tense negotia-tions, also provides for the company's federally-backed pension plan to be abandoned and replaced by a cheaper version. The existing pension plan was down. The company's steel underfunded hy \$426m which workers later went on strike means its termination will leave

U.S. group halts sale of drug

By Tony Jackson

U.S. drug company Warner-Lambert bas suspended sales worldwide of its anti-arthritis drug isoxicam, which has been reported to cause skin inflam-

The drug, first marketed three eyars ago, is on sale in France, Germany, Switzerland, Austria and Belgium, and in some countries in South America and the Far East, It has not yet received official clearance in the UK or the U.S.

Under the U. of the U.S.

Under the Vectren brand
name, isoxicam is claimed to
have a 6 per cent share of the
French non-steroldal antiinflammatory market for the
treatment of arthritis. Complaints about the drug's side
effects have come mainly from
the French authorities.

The drug has been associated with erythema multiforme, an inflammatory skin condition often caused by a hypersensitivity reaction to drugs. In the severe form of Stevens-Johnson syndrome—also associated with severe form of Stevens-Johnson annual rates of productivity syndrome—elso associated with isoxicam—the condition has been known to the fatal been known to be fatal,

Blue-collar pay rises slowly in U.S.

INFLATIONARY pressures from U.S. wage settlements for blue-collar workers are continuing to abate jndging from the latest data on major collective bargaining settlements in private industry released yes-terday by the Bureau of Labour Statistics.

Some economists fear that the modest pace of hlue-collar wage increases, which are running below the rate of inflation could become a drag on the economy especially if inflation were 10 accelerate in response to the

These concerns are tempered however by evidence that many white-collar workers are still being awarded more generous increases than those being secured by industrial workers.

The Government said yesterday that major collective bargaining contracts in private industry during the first nine months of 1985 provided average wage increases of 2.3 per cent in the first contract year and 2.9 per cent over thet life of the contract, normally two to three years. two to three years. The last time management and labour set wage levels in

the sectors covered by the figures, average wage increases of 3.8 per cent for the first year of the contract and 3.4 per cent for the life of the contract were

The latest survey was conducted among the 1.6m workers who signed agreements between January and September of this year, a group which included trucking, apparel, construction and electrical machinery manu-

facturing workers.
Of the 1.6m workers, 1m received increases averaging 4.2 per cent in the first year, 531,000 had no wage change, while the remainder in the con-struction industry will suffer

Separately the Government reported that productivity m the third quarter as measured by output per hour nf all workers rose at a seasonally adjusted annual rate of 3 per cent. This was significantly better than the gains of 1.5 per cent in the second quarter, in spite of a sharp slowdown in per cent.

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UK uncertain over resuming talks on China nuclear plant

BY ROBERT THOMSON IN PEKING

BRITISH Embassy officiale are uncertain when the British side will return to the negotieting table to discuss the construction of a Sibn (52 Sha) are less than the latest of a series of industry in the latest of a series of industry in the latest of a series of industry of a \$4bn (£2.gbn) nuclear power plant in southern Chine, white French nfficials and white French nfficials and Framatome of France are still talking to the Chinese about their participation in the pro-

A British delegation. Including representativee of GEC and the Government, left Peking late last week after having failed to reach an agreement with the Chincse nn the price of lurbines and other equipment that GEC had been earmarked to supply, in a complementary package with Framatome, for the plent at Daya Bay.

to have pressed for a discount of about 25 per cent from GEC, as well es better credit terms.

Officially, the British have celled their departure from the negotiations a "pause," and say the two sides are closer to an agreed price than they were two weeks ago when the most two weeks ago, when the most recent round of diplomaticely

suggested that GEG is in a more vulnerable bargaining position then Framatome, as several other companies could provide the turbines for the 1,800 MW plant, wherees Framatome is the company's chances would be a leader in the field of enhanced if there was a price pressurised-water reactors.

BRITISH Embassy officiale are uncertain when the British side will return to the negotieting the discussible to discuss the magnitude of the state o they talked yesterday, and will talk today and could well talk tomorrow. The Chinese are understood to have pressed the French company for a 20 per cent discount in the latest of a series of mousting trial policy reforms introduced to since Mr Rajiv Gandhi became talk today and could well talk today and talk toda A British delegation, includes the restriction of CEC and the restriction o

Last week, an official from Guangdong Nuclear, which is overseeing the Chinese side of the project, warned that if the the project, warned that if the outstanding metters were not settled during the present round of talks will resume as sonn as possible," though be could give no indication as to wben that would be.

the project, warned that if the outstanding metters were not settled during the present round of talks, then "we will bave to reassess the whole situation and possibly find new suppliers from other countries."

The joint venture is shared by Guengdon Nuclear, which

The Chinese are understood by Guengdon Nuclear, which have pressed for a discount bea a 75 per cent steke, and the Hong Kong Nuclear Investment compeny which has 25 per cent. After the joint venture contract wes signed in January of this year, the equipment supply contracts seemed to be some-

thing of a firmally.

But the negotiations have berecent round of diplomaticely sensitive talks — inteoded to be conclusive—began.

One British nbserver here

One British and French suppliers. When the Chinese Premier, Zhao Ziyand, visited Britain in June, he indicated thet Ghina was still keen on GEG provid-ing the turbine equipment, but

Japan and Brazil in tussle over aluminium project

BY ANDREW WHITLEY IN RIO DE JANEIRO A TUG of war bas erupted for each partner, CVRD is ex-

A TUG of war bas erupled to between Brazil and Japan over the future of their new aluminium joint venture in the Amazon, the \$1.3bn (£lbn) rate; and, in this start-up Albras plant—inauguraled only last Thursday against the background of the current low world prices for primary aluminium, talks opened vesterdey in Rio de land. If reach partner, CVRD is expected in propose that this that this should be based on the going London Metal Exchange (LME) rate; and, in this start-up phase, the Brazilian company is proposing purchasing all Albras's output et the LME price fob.

Although the partner, CVRD is expected in propose that this should be based on the going London Metal Exchange (LME) and in this start-up phase, the Brazilian company is proposing purchasing all albras output et the LME price fob. opened yesterdey in Rio de plant—located about 30 miles Janeiro. betweenCompanhia from Relem, at the mouth of Vale do Rio Doce (CVRD), the the Amazon—has come on Brazillanstate-controlled stream at an unfavourable time mining company, and a from the point of view of the Japanese Government-led conconsiderable over-capacity in the contium of 32 companies. plant—located about 30 miles from Belem, at the mouth of the Amazon—has come on

sortium of 33 companies.
While the Brazilian side is anxious to complete the project Important cost advantages over —designed to reach eventually competitor plants in Brazil and a full capacity of \$20,000 tondes—as soon as possible, the Japanese pactners are making standstill on work on its associated alumina plant is that a full capacity of \$20,000 tonnes abroad. no secret of their desire to reduce their investments over the coming yeers to the minimum:

This week's talks are expected in concentrate on the than it would have had in pay pected in concentrate on the speed at which Albras will build up from its present in-stalled capecity of 80,000 tonnes to 160,000 tonnes, the end of its first phase, as well as the initieting of the second phase. This will require a further \$600m.

Another contentious issue to be resolved is the offtake price

below the production cost of any new plant in Brazil. Airlines closer to satellite in-flight links

By Michael Donne,

Acrospace Correspondent
THE WORLD'S airlines ere moving closer to the use of satellites for in-flight communications by aircreft flying elmost anywhere around the world. The International Maritime Setellite Organisation (Inmar-act), which provides ship-toshore communications via satellite, is planning to offer such satellite services to air-lines from 1987, initially for

demonstration and evaluation The airlinea through the In-ternational Air Transport Association and the International Civil Aviation Organisation, are studying the use of satellites and maly for communications but alsn fnr future air naviga-

tion purposes. They have set up a commit-tee on future eir navigatinn and communicationa eystems
IFANS1, to determine what
equipment airlines will need to
iostal in their aircraft to enable them to use satellite systems, and the costs involved.

Citibank in Hungarian venture

By Leslie Colitt' in Berlin CITIBANK of New York and Central Exchange end Credit Bank, of Hungary, will open a joint commercial bank in Budapest next January in the first venture of its kind by Hungarian and American banks.

industry, its administration believes the plant bas several

for its own product. Sr Romeu do Nascimento

Teixeira, Albras' president, said

yesterdey that a three-year alumina supply contract has been signed with Suralco, en Alcoa subsidlary in Surinam, at a price of \$125 a tonne—well

The bank, in which Citibank bas a majority stake, will be able to provide loans in Hun-garian and Western currencies to Hungarian companies end to take deposits in forints nr

Western currencies. Factoring, which was intro-duced in Hungary in 1976, is only now beginning to catch on emong Hungarian companies. The Hungerian Foreign Trade Bank (MKB) which took over factoring operations from the National Bank last Februery, has concluded framework agreements with 14 factors abroad.

They assume the risk and expense of collection for Hungarian companies and offer finance by paying the supplier before the bill is settled.

Airlines welcome Malaysia move to end 'flight tax'

BY CHRIS SHERWELL IN KUALA LUMPUR FOREIGN airlines operating out of Malaysia yesterday welcomed a government decision to end a controversial tax measure (avouring Malaysian Airline System (MAS), the

Airline System IMAS), the national flag carrier.

The measure, first introduced in last year's budget, required people to travel by MAS if they waoted a tax exemption on the overseas trips they received from employers as part of their pay. employers as part of their pay.

The aim was to boost MAS
at the expense of other airlines ond to atem the outflow of furgign exchange from Malaysia. But it provoked strong protests from foreign governments as well as International

Last Friday in his latest budget, Mr Daim Zainuddin, Maleyslan Finance Minis-withdrew the restriction ter. with immediate effect, thereby permitting tax-exempt travel by eny airline once again.

"The restriction was introduced with a specific objective." he told parliament without elaborating. "I would like to inform Honourable Members that this objective

hes been achieved." One airline representative closely involved in the affair

sald yesterday he was pleased with the move but concerned that problems "will not be that problems "will not be overcome for a while." He acknowledged that MAS bad benefited by the tax measure.

New Delhi simplifies **electronics** licensing

By John Elliott in New Delhi THE INDIAN Government bas

this week.

A concept of "broad banding" already introduced to give companies more production flexibility in a wide range of industries including motor vehicles, pharmaceuticals and ladustrial machinery is now to be applied in electronics.

be applied in electronics.

This means that instead of having to apply for a licence for each product and for precise quantities of output, electronics companies will be able to vary their production within five

\$1.8bn e year to \$10bn a year by 1990.

India drives a hard bargain on car parts

These spares are usually in

ago because of a high rate of minor accideots. Suzuki has also recognised the special needs of e develop-ing country and has agreed in belp boost Indian manufactur-ing by taking equity stakes in companies that will produce components for the indiginous manufacture of the cars.

manufacture of the cars.

The price cuts are in response to public opininn in the Indian capital which has receted against paying £67 for a new windscreen. £116 for a door, or £43 for e front bumper after minor mishaps.

Such accidents would hardly Such accidents would bardly scratch the sturdy bodles and

Yesterday, the Department also announced that it is inviting applications from cars. The damaga would be foreign manufacturers and Indian companies for licences to produce video-cassette rescorders and players and import microwava ovens.

SCRAICH THE STURY BODGIES and fitments of the country's 30-year-old Morris and Fiat based cars. The damaga would be instantly and cheaply patched up in beck atreet workshops, instead of requiring the expensive composita assemblies of a modern car.

THE PRICES of spares parts in India for Japanese Suzuki 800 cc cars are to be cut by 25 per cent to 60 per cent this week because of the heavy battering the lively but reletively fragile cars beve received on the chaotic streets of New Delhi.

In an internationelly pacemaking deal, India has persuaded Suzuki to change traditional high price structures for Japanese-made bodywork aperea.

"This is the first time Suzuki bas agreed to such cuts—but then the accident rate in the world," says Mr R G. Bhargava, managing director of Meruti Udyog, the company which produces the vehicles and is 26 per cent owned by Suzuki and 74 per cent by the Indian Government.

He estimates that 70 per cent of all accidents in the cars in India in the past two years have happened in Delbi where

of all accidents in the cars in lindia in the past two years have happened in Delbi where the Suzuki'a eharp ecceteration low demand but beva been selling at a rapid pace in Delhi aince the cars began to be assembled in India two years scooters, elow moving cars, scooters, elow moving cars, decrepil buses, aggressively lockeying fur precedence, all ignoring any Western notion of lene discipline or road courtesy.

The Suzuki was India's first successful automotive manufacturing tie-up with Japan. It bas been followed to the past two years by e rush of deals for two wheelers and commercial vehicles involving virtually every Japanese manufacturer.
In addition Nissan, Isuzu and
Honda, plus possibly Toyota
and Subaru — all from Japan
—are bldding to produce cars.
From Europe Citroen, Peugent and Volkswagan are elso in the race end BL's Rover car

is 10 be produced soon.

Now the Indian Government is reviewing its production policy. It is worried ebout policy. It is worried ebout demand items like sperk plugs. They make up about 50 per paules in move from profilable assembly operations using salea in India this year and et imported kits to achieving present are all made in Japan.

It also fears that it may be of sinw-moving stock items to apending too much foreign exchange on a large number of collaborations and that economies of scale will not be achieved.

Suzuki has tried to ehift itself out of this controversy with its initialives on component pricing and manufacturings. Ita Incentive is that production of the cars and associeted light

John Elliott reports on a pace-setting deal India has struck with Suzuki on boosting indigenous component production to cut prices

commercial vehicles is running 25 per cent above target at a rate of 40,000 a year after numerous early teething problems over maoufacturing and

quality.

The main price cula involve reductions by both Suzuki in Japan and Meruti in India of 25 per cent to 50 per cent on all body parts, including light assemblies, bumpers and cer doors, which have been selling faster than traditional high-

which heve lower mark-ups.

A new windscreen, for example, is coming down by 55 per cent from £67 to £30. Further price cuts of about the same percentage points are being made on other spares which bave been bought et high prices from Japan to supple-ment current low levels of pro-

duction in India. The Japanese-made perts are now to be used in new models (where they will cost less because of differentiat pricing arrangements) and the cheeper Indian-made products will be sold es apares.

Thia will, for example, reduce the price of a radiator by 61 per cent from £11g to £48—the biggest cut being made. A rear lemp assembly is coming down

from £43 to £3t.

The joint venture manufecturing plans involve a total investment of about £20m to £23m to produce components totalling 18 oer cent to 20 per cent of a car's value. They are a response to sluggish performence by India's motor component industry.

provides the technology from Jepan for products such as fuel tenks, plastic injection mouldines and silencers.

Meruti alone will take a Jepenese dealers.

"This is the first time Suzuki targets of about 80 per cent as agreed to such cuts—but Indian manufecturing within by switching the body spares 10 per cent to 20 per cent in the cuts have been organised smaller minority stake of a spare to the cuts have been organised smaller minority stake of a spare to the cuts have been organised smaller minority stake of a spare to the cuts have been organised smaller minority stake of a spare to the cuts have been organised smaller minority stake of a spare to the cuts have been organised smaller minority stake of a spare to the cuts have been organised smaller minority stake of a spare to the cuts have been organised smaller minority stake of a spare to the cuts have been organised smaller minority stake of a spare to the cuts have been organised smaller minority stake of a spare to the cuts have been organised smaller minority stake of a spare to the cuts have been organised smaller minority stake of a spare to the cuts have been organised smaller minority stake of a spare to the cuts have been organised smaller minority stake of the cuts have been organised smaller minority stake of the cuts have been organised smaller minority stake of the cuts have been organised smaller minority stake of the cuts have been organised smaller minority stake of the cuts have been organised smaller minority stake of the cuts have been organised smaller minority stake of the cuts have been organised smaller minority stake of the cuts have been organised smaller minority stake of the cuts have been organised smaller minority stake of the cuts have been organised smaller minority stake of the cuts have been organised smaller minority stake of the cuts have been organised smaller minority stake of the cuts have been organised smaller minority stake of the cuts have been organised smaller minority stake organized smaller minority stake of the cuts have been organized smaller minority stake organized smaller minority stake organized smaller minority stake organized smaller minority stake organ other joint ventures for products such as moulding and tempering windscreen glass, steering gear and smaller press shop components.

Both companies expect these joint ventures to make it casier to obtain technology from Japan and to raise money on India's bouyent stock exchanges when funds from the Indian Government are short.

Control over costs and quality will also be more easily exercised.

Domestic content is at preser behind achedule. Only about 30 per cent of a car's value is now being produced in India, says Mr Bhargava, insteed of a planened 43 per ccni.

Next year's figure is expected to be 4g per ceot jostead of 56 per cent. But Mr Bhargava hopes that the joint veotures will enable the 1987-88 target of 75 per cent to be achieved.

In the meantime a Suzuki
Gypsy four-wheel drive model
is being launched in December
and Suzuki's new 800cc car,
which is to be introduced into
Europe soon, will appear in
India next June.

They are a response to sluggish performence by India's
motor component industry.

Suzuki end Maruti will both
teke minority stetes totalling
perhaps 30 per ceni of the
equity in ventures where Suzuki
provides the technology from
holiday in India and e tour of the Maruti factory in coincide with the launch of the Gypsy as this year's prize for his top 100



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Botha braced for white backlash at the polls

SOUTH AFRICA for all its sins, is still a parliamentary democracy of sorts for the white minority and for that dwindling minority of coloureds and Indians who supported the tri-cameral constitution by exercising the right to vote for their separate chambers in August 1984.

While this remains the case,

While this remains the case, the speed of change and reform in South Africa depends ultimately on what the National Party (NP) Government believes the electorate will aupport. It is a point often underestimated by the world at large which is pressing for the abolition of apartheid and prompt negotiations for the establishment of a multi-raclal establishment of a multi-raclal democracy.

democracy.

But it is never far from the minds of President P. W. Botha whose NP has ruled South Africa since 1948 and which holds 122 seats in the 178 seat white House of Assembly.

Tomorrow the NP is fighting to maintain its bold over five parliamentary seets in widely narliamentary seats in widely scattered by-elections where it is facing a determined challenge from the two main extreme right-wing parties— the Conservative Party (CP) and the Herstigte Nasionale Party (HNP)—and, to a lesser extent from the left of centre Progressive Federal Party

Seldom, If ever, has the white, predominantly Afrikaner electorste been as troubled or confused as the present. After giving Mr Botha a 66 per cent



witnessed the collapse of diplomatic hopes of a new relationship with hlack Africa after the Nkomati accords with Mozambique. They have also seen violent protests against the amortismic leading to the constitution of the const the constitution leading to a stata of insurrection in black and coloured townships throughout the country.

The external value of the over the last 18 months, infla-tion and unemployment have reached record highs, foreign bankers have refused to rollover credits.

Calls for sanctions and other foreign pressure on South Africa and overseas reactions Africa and overseas reactions to graphic, uncensored reports of police and community vio-lence in the townships have left South Africans feeling unloved

and misunderstood.
To lop it all, the very same party which swept to power on a platform of Afrikaner nationayes vote in the referendum on the new constitutions in a platform of Afrikaner nationalist fervour and proceeded on a

twin policy of raising the economic, social and political status of Afrikaners and erecting a system of racial separation has now switched to a policy of apartheid reform and negotiated change couched in terms which confuse many South Africans as much as foreigners.

It is a situation which has all the ingredients for a massive white backlash at the polls which not only threstens the five by-election seats but would

sap the already shaken authority and confidence of the Government and turn hitherto NP strongholds into tennous marginals.

It would add to the already growing pressure for the resignation of President Botha, put the reform policy on a hack-burner and increase the temp-tations for a Brazilian-style take-

over by the military and the But will it happen? At the very least the Government is resigned to a massive reduction in its majorities in the five resigned to a massive reduction a three-way fight with the usual proportion of ownerin its majorities in the five
seats—Port Natal in Durban,
Vryburg in the northern Cape,
Springs in the Transvaal, and
Sasolburg and Bethlehem in English and Afrikaner bine in the Parys or Sebokeng
Sasolburg and Bethlehem in English and Afrikaner bine in the Cape.

hetween the CP, the PFP, the Sasolburg, the only Free The loss of Sasolburg would no independent.

In Vryburg rivalry hetween the CP, the Sasol I, the original on the road.

THE South African Institute of Race Relations has just published its mammoth 991published its mammoth 391-page 1984 survey of South Africa which, amidst a treasure trove of statistics and analysis, shows that the population of South Africa, including all the homelands, is now 32.6m.

This is nearly 6m more than the official figure of 26.7m, which excludes the

5.8m people living in the four "independent" homelands of the Ciskel, Transkel, Bopbut-

and Indiane.

the two right wing parties, the sprawling CP and the HNP, means that it from coal could still hold the seat on a booming on right wing parties are expected

In Springs, a former gold mining town, now a depressed industrial centre with high unemployment, the NP faces

hatswana and Venda. On the institute's figures

blacks make up 74 per cent of the population and whites 15 per cent, against official figures showing 68 black and 18 per cent white with the remainder being Coloureds

oil and chemicals-plant, which is booming on the back of the depreciated rand. Sasol, and associated chemical and explosives plants, provides 9,000 secure jobs and good job advancement prospects for black and white alike.

The hlack township of Zamidela, with its higher than the properties of course the properties of the pr

Sasolburg and Bethienem the Orange Free State.

Its chances of bolding on depend on divisions among the opposition is the remaining reserves of loyalty to the NP already entrenched HNP, and the common sense of those Bethlehem, a farming and light exudes confidence that "the inductrial centre in the beart white hacklash" will sweep him inductrial centre in the beart white hacklash" will sweep him whites who accept the need for industrial centre in the beart while hacklash "will sweep him South Africa to change with the times.

In Part Natal the opposition State, where it faces a direct from the NP over multi-racial states.

Cape Town meetings banned

BY OUR JOHANNESBURG CORRESPONDENT

SOUTH AFRICAN authorities have. followed up last Friday's extension of the State of Emergency to eight magisterial districts in the Cape Town area with a ban on the meetings of 113 organisations in the af-

Most of the organisations are affiliated to the United Democratic Front (UDF), the anti-spartbeid umbrella organisation, but also include the Moslem fundamentalist organisation Qibla which has been active in the largely Moslem colowred (mixed race) communities of the Western Cape in recent weeks.

Police also arrested a reporter from the Cape Times, who was covering a meeting in Elsies River, a coloured community included un-

journalists entering Soweto near Johannesburg which is expected to be followed shortly by the an-nouncement of further restrictions on press and television reporting. Foreign Correspondents Association on Thursday.

Police headquarters in Pretoria said that new regulations had not yet come into force but referred to the original emergency regulations issued on July 21.

Shortly after the State of Emer gency was declared, Gen Johan Coetzee, Commissioner of Police, told journalists that these blanket

der the emergency regulations. He will be charged later.

The arrest follows a police ban on Since then, however, the police and the Government have been severely embarrassed by foreign newspaper and television coverage of violence and police/army repression in the townships which the Government blames inter alia, for speak at a dinner organised by the contributing to the loreign bankers' decision to cease rolling over shortterm loans and the mounting pres-

sures for sanctions. This has led to increasingly strong attacks on the foreign and local press in recent weeks accompanied by the expulsion of a Newsweek correspondent, restrictions on the entry of foreign journalists and long delays in renewing work per-mits for correspondents.

China closes 9,000 illegal businesses

BY ROBERT THOMSON IN PEKING

CHINESE AUTHORITIES have is contradicted by the daily media shut down almost 9,000 enterprises illegally run by Communist Parly and government officials so far this year. The crackdown is designed to stop the image of China's economic reform package from becoming tar-nished by corruption.

Officials are banned from taking advantage of their positions in run-ning a business. Although the Chinese media carries almost daily accounts of high cadres who abused the privileges of power by dipping into the till or manipulated contracts through Guanzi, meaning

An official of the Enterprise Re-istration Office told the China Daily newspaper yesterday that an investigation conducted by his office showed 67,041 party and gov-eroment officials were involved in business dealings and that 90 per cent of them have since withdrawn from those activities.

The unbealthy practice of party and government affiliates starting businesses has basically been checked and corrected," the un-named official said. His assessment

BY MICHAEL HOLMAN IN LONDON

country, said yesterday.

don press conference where he re-

viewed the outcome of a massive international aid effort which has

sent food and other aid worth more

than \$1bn since October 1984 and regularly fed 5.5m people. By the end of 1985, 1.3m tons of food will

the camps are supporting only 58,000, said Mr. Jansson. Although some areas of the country have en-joyed better rains, displaced farm-

ers, without ozen, seed and imple

ments had not been able to take ad-

vantage of them, and Ethiopia would need aid through 1986.

Estimates of food aid required next year vary between 800,000 tons

have arrived for famine relief. At the peak of the crisis last March, the population in and around relief camps was Im. Today,

Ethiopia's 1986 food

problem 'manageable'

ALTHOUGH 5.8m people will need harvest, for which returns are still food aid in Ethiopia in 1988, the problem will be manageable provided donor support is sustained.

Mr Kurt Jansson, the UN Assistant already pledged one third of 1986

vided donor support is sustained, cent of food imports this year, has Mr Kurt Jansson, the UN Assistant already pledged one; third of 1986. Secretary General who has been in food needs, while the EEC is expect.

charge of relief operations in the ed to supply between 20 and 25 per

Mr Jansson, who is leaving his balance will come from Australia, post in the Ethiopian capital of Ad- from bilateral commitments from

reports to the contrary.

in Peking, the investigation found that 231 enterprises, ranging from such things as tea houses to furniture stores, had been started by party or government officials. Sixty-four of those businesses have been forced to close and 157 others have been required to transfer the ownership of the business.

The state industrial and com cial administration bureau has also compiled a report on the subject, ac-cording to the China Daily, and found that most of the cadres involved had made no distinction between state administration and business administration, and used "their powers to seek illegal profits."

The report gave examples of a trading company, run by officials which charged customers for colour television sets and cars that were never delivered. It also documented several cases of party members establishing a company board, and granting themselves hefty payouts

atively small amount from socialist states, said Mr Jansson.

Mr Jansson urged Western gov-

ernments to support the Ethiopian

gramme to resettle upwards of 1m people, moving them from the worst-hit drought areas of the north to better land in the south and

Britain, the U.S. and several oth

er governments have been critical of the programme, arguing that there is coercion and that it is

scheme, under which some 500,000

people have already been moved, as "poorly planned" but he said that

unless it was supported "there is a risk of failure" with serious reper-

Arafat in bid to save Jordan-PLO peace plan By Walter Ellis in Tel Aviv and

MR YASSIR ARAFAT, Chair man of the Palestine Liberation Organisation, arrived in Amman yesterday for critical talks with King Hussein of Jordan on the

future of their joint Middle East peace initiative. The agreement reached the two leaders on February 11 has come under severe strain in recent weeks as a result of the PLO violence in the region and the cancellation of planned talks with the British Government. Ahu Jihad, Mr Arafat's top-military aide, said in Amman

yesterday that he was confident that the agreement with Jordan would survive the present crisis. We believe we have a solid base to continue our co-operation and to preserve the Jordanian-Palestinian accord." However, King Hussein has not attempted to hide his anger at PLO tactics and blamed the

organisation directly for the failure of the London talks. At the same time he has found positive aspects in recent speeches by Mr Shimon Peres, the Israeli Prime Minister, who has been urging the King to enter into direct bilateral negotialions. Mr Peres consolidated his

new-found political strength yesterday when he broke a right-wing Cabinet rebellion aimed at the Beart of his current initiative on peace with Jordan. Several ministers belonging to the Likud bloc in the Knesset had, attempted at an inner Cabiner session late on Sunday night, 10 force Mr Peres to participate in an international peace conference.

Mr Yitzhak Shamir, the Likud leader, declared that Mr Peres had not strayed from coalition thinking on the peace process

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0800-35,35,35

BY DAVID THOMAS AND MAURICE SAMUELSON

THE CENTRAL Electricity Generating Board (CEGB), has put a proposal to the Government which

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would mean cheaper electricity for large industrial energy consumers.

The basis of the idea agreed with the National Coal Board (NCB) was first devised last year, but the final details more put to Mr. Dator Walkdetails were put to Mr Peter Walk-er. Energy Secretary, after meet-ings beld under the auspices of the National Economic Development Council. These meetings took place after the chemicals economic development committee had complained to the April NEDC about overseas competitors having access to cheaper energy.

The proposal would mean that large industrial consumers would pay a price for their electricity that would reflect only the marginal cost of producing coal at modern pits -at present about £32 a tonne.

The scheme would only apply to crease capacity. individual sites that consume more than 100 million killowatt-hours a year. They would receive any electricity consumed above this cut-off

point at e new cheaper rate.

A confidential CEGB paper esti-



Mr Peter Walker

paper and board. Leading compapaper and toard. Leading compa-nies in this sector have provided the Government with specific examples of how the proposal, if agreed, might help them to preserve or in-

According to e confidential note prepared for the Energy Secretary,
Pilkington, for instance, has said the cheap power deal are expected A confidential CEGB paper estimates that about 60 sites, accounting for some 7 per cent of electricity there by between 50 per cent and there by between 50 per cent technology in its St Helens sites prices.

ICI has made a similar point to the Energy Secretary about investment at its Billingham fertiliser plant, in north-east England.

The proposed scheme is designe to increase electricity and coal de-mand, and improve the competitive-ness of the eligible companies. In the long run, it is designed to place no extra cost on the Treasury, but NCB revenues might be hit in the

first year by about £50m.

At a meeting with the CEGB and large industrial users in the summer, Mr Walker said that he would need to seek the support of his min-

need to seek the support of his min-isterial colleagues.

Mr Ivor Manley, deputy secretary at the Department of Energy, is un-derstood to be co-ordinating the dis-cussions that resulted from the meeting with Mr Walker. Senior civil servants at the Treasury, Trade and Industry and Employe Trade and Industry, and Employ-ment departments are also involved.
Some of the financial obstacles to

that the scheme, if it applied fully to to be parity overcome as a result of it would allow it to introduce new the annual review of NCB coal

Minister refuses to list MPs involved in immigration row

MR DOUGLAS HURD, Home Sec- been made by MPs had increased retary, is to make a statement to from 1,000 in 1980 to some 5,000 in the House of Commons today, on the first 10 mooths of 1985, and put the immigration row sparked off by this year's bill tor repatriations at his junior minister, Mr David £1m. Waddington. Mr

what amounted to an instruction from Mr Bernard Weatherill, the Speaker (chairman) of the Com-

Mr Waddington angered the opposition by alleging during flome Office questions last week that unnamed Labour Mrs were abusing the system under which overseas touching on the honour and integrivisitors refused permission to enter the UK are allowed in after repre-sentations from Members of

from his earlier controversial sugcould be eased by positive discrimi-nation in favour of blacks in public

spokesman, detailing six forms of again." alleged abuse by MPs, and suggesting talks on modifications to the in a position to make the allegs-

cases in which representations bad identify particular cases of abuse."

Mr Waddington declined to name The statement follows intense the MPs involved, bowever, on the pressure from opposition MPs, at grounds that his allegations were what amounted to an instruction based on confidential correspondents. dence sent to the Home Office.

This view was rejected by Labour MPs, particularly those from consti-

allegations involve grave issues touching on the honour and integrity of MPs. It is incumbent on the minister either to substantiate his allegations or to resign."

Mr Roy Hattersley, the deputy
Labour leader, was among senior tied by "some kind of private fix beopposition MPs who interpreted these remarks as an attempt by the minister to shift attention away

He said the row could not be settied by "some kind of private fix between the minister and myself." He told Mr Waddington: "You have made allegations to the House shout unnamed MPs the will not do ebout unnamed MPs. It will not do gestion that rarial discrimination for you to say you are faced with could be eased by positive discrimination procedural problems."

could be eased by positive discrimination in favour of blacks in public Mr Waddington told him: "I am happy to discuss the matter with happy to discuss the matter with you if you wish to press for names. The issue yesterday by releasing the least of a long letter to Mr Gerald many and then consider whether it is necessary to raise this matter

tions, and I would not have made The letter said the number of them, had I not been in e position to

Mr Kaufman was backed from the Labour front bench by Mr Alan Williams who said Mr Waddington should have taken advice about the implications of his remarks before making them.

"It is the responsibility of every member of this House to make sure that we preserve the reputation of the Commons. It is a serious matter when a minister makes allegation about abuses of power by MPs."

Mr Weddington was supported by e number of Conservative MPs, including Mr Eric Forth who said there were cases in which overseas visitors who failed to persuade one MP to take up their case bad simply gone to another to obtain satisfac

But a series of Labour MPs coninsisted there had been no abuses. These included Ms Clare Short, Mr Jeremy Corbyn, Mr Alf Duhbs, Mr Laurie Pavitt and Mr Andrew

As the row rumbled on Mr Weatherill attempted to cool tempers hy reminding MPs that every member of the Commons had to take responsibility for his or her

Mr Michael Foot the former Labour leader, insisted, however, that MPs had a right to question the Government about the allegations In view of Mr Waddington's response, the Home Secretary should come to the Commons to make a

THE BREAKFAST TIME TOAST

At 9am each day the board members of James Burrough may be found making their toast.

That's the time when they sample and 'nose' the previous day's distillation of Beefeater London Dry. They like their toast to be clear, brilliant and subtly balanced. With a dry softness that doesn't overwhelm

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of their founder Mr. James Burrough. A man who, just like them, was inordinately fussy about his dry toast.



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Scargill defeated on court contempt issue

BY JOHN LLOYD, INDUSTRIAL EDITOR

MR ARTHUR SCARGILL's leader without making a prior commitship of the National Union of Mine-workers (NUM) was successfully ment to purging the contempt. Neither Mr Scargill nor others at workers (NUM) was successfully challenged from the left yesterday when the NUM national executive meeting made the argument with great force. The burden of argument from the majority.

The funds were sequestrated by control both of its funds and of the the High Court after the union failed to pay fines imposed for contempt of court during the year-long cluded Mr Jack Taylor and Mr Bries Dakin for Verkeylor and Mr

NUM conference policy was not to rington from the Durham Crafts-purge the union's contempt, was beaten after a long and vigorous lands and Mr Wes Chainbers from

centre and right to ensure that Mr come on to the national scene after Scargill, and the two other NUM na Mr Scargill's rise to the presidency. Scargui, and the two other NUM national officials, Mr Peter Heathfield, the general secretary, and Mr
Mick McGahey, the vice-president,
should do all that was required to regain control of the money in we the campaign for the reinstate

these will be on November 14. This alliance of left and right has of the strike. emerged after a long period in which leaders like Mr Emlyn Williby of partiament to bring the plight which reduces like Mr Emiyn Williams and Mr George Rees of South Wales. Mr Eric Clarke and Mr George Bolton of Scotland, Mr Gordon Bulleant North Parks and the Trades Union Condens Bulleant North Parks and the Uni don Butler of North Derbyshire and Mr Denis Murphy of Northumberland, have become alarmed over the conduct of the union's affairs.

It is the first time that such an alliance has pushed an issue to a vote within the executive since Mr Scargill became president in April 1982 and it shows a new will to control his leadership.

NUM will seek the lifting of the set the sequestration has now been lift-questration order. The second, ed; that the original fine of £200,000

the first motion as an alternative to enough. the second. He argued that the exthe second. He argued that the ex-ecutive would be in a position to de-termine whether or not it could ac-termine whether or not it could accede to the judge's conditions for NUM trustees when the contemp lifting the union's receivership, was incurred.

voied 11 to 7 to purge its contempt of court in an attempt to regain control of its £8m of funds.

den of argument, from the majority, was that grass-roots pressure was mounting for the union to regain.

Brian Dakin for Yorkshire, Mr Billy Mr Scargill, who has insisted that Stobbs from Durham, Mr Billy Eth-

Leaders from three key left led areas - South Wales, Scotland and these men are all "new left" members of the executive who have

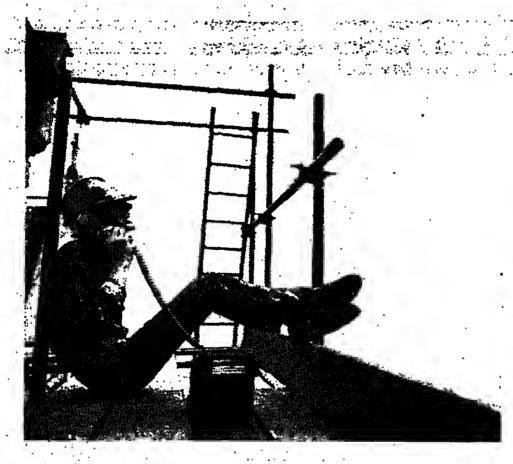
scheduled court cases. The first of ment of the 515 miners who remain sacked eight amonths after the end

The NUM is to mount a mass lobin the lobby.

Mr Scargill, speaking after the executive meeting and the conference, made it clear that he disagreed with the executive's vote. He said: "My personal position is well known. It is my job now to reflect the decisions of the national execu

It is not clear what conditions the The executive passed two motions. The first, passed unanimously, was for it to ettend the Notion. The NUM is expected to argue vember 14 court hearing when the that the original case which led to passed by 11 to 7, was for the union has been paid; that the union has been paid; that the union has suffered more than film loss in le-Mr Scargill attempted to take up gal fees and has thus suffered

HOW TO BE IN WHEN YOU'RE OUT.





Guinness Peat makes £212m Britannia bid

BY DAVID LASCELLES, BANKING CORRESPONDENT

GUINNESS PEAT yesterday sought to create a new UK financial conglomerate with a £212m bid for Morton, Guinness Peat's chief ex-Britannia Arrow, the banking and investment group in which it already holds 28 per cent.

Britannia's board immediately rejected the offer as "wholly inade-quate" and against the best inter-ests of the shareholders and employees. Sir Geoffrey Rippon, the chairman, will be writing to shareholders strongly recommending

them not to accept it. Guinness Peat, which owns the Guinness Mahon merchant bank and has wide-ranging interests in insurance finance and property, is offering Britannie ahareholders e choice of shares worth 140.6p or 130p a share in cash, which it claims is 40 per cent more than Britannia's net assets at the end of

Britannia's shares closed last night on the London Stock Exchange at 140p, up 9p on the day but down from the day's high of 144p. There was strong speculation in the stock market that the offer would be increased or topped by a coun-

The takeover bid marks the cul-mination of a drive by Mr Alastair ecutive to transform the once ailing company into e broadly based fi-nancial services group. If it succeeds, he intends to develop the combined entity around four busi nesses: insurance broking, life assurance, fund management and investment banking.

The offer says that Britannia's asset management and life assur ance business would fit well with Guinness Peat's investment bank-ing operations. The combined group would enjoy "substantial financia benefits," was well as the opportu nity to shelter taxable profits in both the U.S. and the UK because of Guinness Peat's earlier losses.

The terms of the bid take special account of Singer & Friedlander, the accepting house acquired by Britannia only last year.

In the first six months of this year, Britannia made profits of £10.1m pre-tax compared to £14.1m for the whole of 1984.

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For Instance, take the US over the past 8 months: with an increase in sales of 26%, BMW has without question been one of the fastest growing of all European manufacturers in that car-conscious

And in Japan, a country recognised for its critical appreciation of technological innovation, BMW has produced an impressive 35% increase in sales over the previous year.

Again, a significantly better performance than any other comparable manufac-

The reason behind this worldwide success? A sum of ultra-modern, high quality technologies that you just can't find in such abundance on any competitive car.

That's why, for instance, knowledgeable drivers of exclusive compact cars everywhere are no longer satisfied simply with the "Made in Germany" mark of quality.

Today, they are also increasingly looking for the "Made by BMW" symbol of innovation.

That's because the remarkable feature of all BMW cars, and especially its range of exclusive compact cars, is not so much the obvious gap between them and their second-class competitors, as the striking difference between them and every other so-called comparable alternative.

We think it's well worth your while taking a closer look at those fundamental differences. And that's an area where we believe we can give you some valuable and highly relevant hints.

Electronic fuel injection.

You'll be surprised how many cars with impressive-sounding names, and equally impressive price tags, still offer you only conventional carburettor technology. Not so BMW. For BMW the word "exclusive" means,

more than anything else, the very latest technologies. That's why you'll discover that every BMY from the 3-Series 318i gives you all

the performance, economy and environmental "friendliness" of electronic fuel injection - virtues that not only make a car contemporary but also contribute to its value in a strictly economic sense.

Digital Motor Electronics.

These days, any manufacturer with pretensions to quality, who doesn't offer Digital Motor Electronics (DME) in his model range, simply isn't offering you the best in engine technology. With BMW DME is a standard from the 325i. Digital Motor Electronic's completely computerised engine control system means significant advantages in terms of fuel composition and ignition timing, giving you far-reaching benefits in the areas of performance, consumption and exhaust emissions. And that again is the kind of technological progress you'll search for in vain on any competitive car.

6 cylinders from 2000 cc.

It goes without saying that an in-line 6 cylinder engine gives you noticeably greater running refinement than 4 or 5 cylinders. With BMW you can take a 6-cylinder engine for granted from 2 litres up (from 320i).

The fact that 6-cylinder smoothness is a prerequisite for true class is doubly underlined by the way other manufacturers invariably feature it in their "upper class" and upper-priced models. It's also why people who prefer a 2-litre car, but don't want to sacrifice anything in driving refinement, always choose BMW.

Electronic safety technology.

BMW has never believed in reserving the best in technology for its more expensive flagship models.

Especially when it comes to safety. That's why we offer the very latest ABS anti-lock braking system and the newest Airbag safety concept as options even on our compact range. But we don't stop there.

You'll even discover that you can also have the world's most sophisticated in-tegrated engine/transmission management system on a compact BMW, when you choose the optional BMW 4-speed automatic transmission with its electronic-hydraulic controls and 3 special direct-change gear programmes. All in all, the BMW 3-Series range offers you a level of technological sophistication that makes it abundantly clear what you have a right to expect today from

a top-quality compact car. Sadly for some, but fortunately for us, you'll only find progress like that on a

A quick glance at any price vs performance chart will prove quite clearly to you that in terms of overall economy and value for money, there's really no better way to arrive than in a BMW. And we've only given you here just a very few reasons why all over the world not only aspiring but also technically knowledgeable drivers are increasingly insisting on BMW. Shouldn't you give the matter a second

You'll find yourself in good company. Drive BMW.

The BMW range of fine automobiles: the ultimate in performance, comfort and



BMW AG, Munich

UK NEWS

Treasury asked to back fund for Eureka work

of collaboration in high technology.

This appears to signal a shift in the Government's position. It has said until now that while it would

be ready to contribute to the cost of Eureka, the money must be found out of its existing technology supour or as existing technology support schemes.

Mr Geoffrey Pattie, Minister for
Industry and Information Technology at the DTI, said in an interview
that he hoped a contingency fund
could also help maintain in real
terms the value of the department's
overall spending on science and
technology support.

technology support.

He declined to say how much extra money he would seek, but said it would be "within the bounds of good housekeeping." On present trends, the value of the Department's annual support will plateau in nominal terms and fall in real terms from next year. In the 1984-85 financial year it rose to £376.4m from £332.5m the previous year.

IME DEPARTMENT of Trade and Industry (DTI) plans to seek Treasury approval for a special contingency fund to help finance Eureka, the proposed European programme of collaboration in high because of That was 64 per cent of total spending, slightly more than the previous

> The report says that of the world's five leading industrial countries, Britain devotes the smallest proportion of its gross domestic product to civil research and development (R&D). "This disadvantage in quantity is not offset by any generally greater effectiveness of R&D in Britain" it says in Britain," it says.

It says that understanding of key technologies is often inadequate, and Britain's training and educa-tion system meets the needs of in-dustry less effectively than in other

method of controlling public expenditure and split responsibility between different Government departments meant that it had much less flexibility than countries such

as France in raising funds for Eure ka and similar projects.

We tend to be cautious, looking theroughly to see if it's a valid concept, and then find there's little money available in the current year," he said. "Our EEC partners are not as hidebound by depart-

Mr Pattie remained adamant however, that the initiative for collaboration in Eureka must come from private industry. "It is not for governments to say that company A

He also said that direct govern-ment intervention could do little to ease industry's problems while many world high technology mar-kets were suffering from weak demand, excess capacity and fierce price cutting. "Many companies are at the bottom of the cycle and trying to sell in over-stocked markets, he said.

Science and Technology Report 1984–85. Department of Trade and Industry, I Victoria Street, London SWIH OET.

Air fares warning after fuel price rises

BRITISH AIRLINES are worried about the effects of sharp increases warning that the rises could jeopar dise efforts to reduce air fares. Mr Colin Marshall, chief execu

tive of British Airways, said at the annual meeting of the International Air Transport Association (Iata) in Hamburg that one rise in the recent past, together with another to be-come effective from November I, had already put 10 cents on to the price of every gallon of fuel bought at London (Heathrow), with smaller increases at other airports over-seas, including the U.S. His airline had been told that it would face a further rise soon and possibly an other one before the end of the

"This means that British Airways will face another £45m to £50m on its fuel bills in a full year," he said. further rises are in ed by the oil companies the rise in our costs would be such that we would have no alternative but to pass these fuel price rises on to our

passengers in higher fares, with all that means for our campaigns in Europe to get our fares down." Mr David Coltman, managing di-rector of British Caledonian (BCal) confirmed that his airline had also paid more for its fuel in the recent past in the UK, Europe and Africa, but not so far in the U.S. He thought further increases were on the way which would add substan-tially to BCal's costs. Mr Michael Bishop, chairman of British Midland Airways, said his airline had

also experienced price increases. Other world airlines are so far rehuctant to comment as openly as the British airlines on fuel prices, but it is understood that some of them have experienced similar increases and that the pattern is more wide-spread than they are prepared to admit.

Mr Marshall said that there appeared to be no rational explana-tion for the oil companies to out up prices so suddenly and steeply at a time when the trend had been for prices either to decline or to stabi-lise. "Since there is no shortage of crude oil, we are led to ask publicly what is going on," Mr Marshall

The 10 cents a gallon increase at Heathrow was the biggest so far. At other airports worldwide served by British Airways the increases ranged between 4 cents and 8 cents a gallon with an average of about 6

Mr Marshall said that British Airways had notified the UK energy secretary about the situation. but no government intervention seemed likely. Both British Airways and BCal—

the UK's main international flag airlines - are concerned that these actual and potential fuel price rises could jeopardise the entire cam-paign conducted over recent years by the UK Government and sirlines to cut fares, especially those in Western Europe. UK airlines and the Government

are at the centre of efforts to increase liberalisation of air transport in Western Europe and bring down fares. Mr Marshall said Brit ish Airways was convinced of the need to be more receptive to consumer needs, and to make a positive response to the EEC initiatives for a more liberal and flexible Europeen air transport system.

At a recent meeting in Brussels of the Association of European Airlines to discuss more liberal fares policies, British Airways was in disagreement with most other European airlines, and was unable to persuade them either of the need to react more positively to what customers wanted or to the ideas which had been put forward by the European Commission itself.

Tory MPs criticise gas privatisation

THE GOVERNMENT'S programme for privatising the gas industry will defeat its real purpose of raising its competitiveness, says a scathing report on its energy policy published last night by the Bow Group, a Tory

parliamentary pressure group.

The proposed privatisation of British Gas seems more likely to result in a "non-competitive structure" with few commercial constraints over its management, says the paper's author, Mr Rodney At-kinson, a former mechant banker who is secretary of the group's en-

ergy committee.
The report, The Energy Policy
Mess, is sharply critical of the fact
that the gas industry will retain its monopoly status after privatisation. It says that, ideally, the corporation should be split into three separate parts. Offshore production interests should be auctioned, the gas grid should remain a public sector utili-ty pro tem, and the regional boards should become separate and competing commercial companies; with no restrictions on their commercial activities in other energy

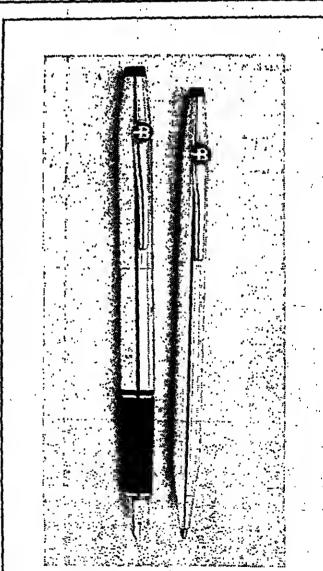
in the energy market and providing

corporation. Its key proposal, for what it calls a marketised structure," is that, instead of merely establishing a operations, the Government should establish an office which would regnlate the other state energy industries with which the privatised gas

The regulating office would also prevent manipulation of energy prices by the Government as a means of raising revenue for the Exchequer or, by suppressing prices, buying votes at a general

The report argues that a monopoly, even in private hands, would continue to exploit consumers, and waste national assets. As a result of its monopoly purchasing power, British Gas had paid low prices to domestic producers and high prices to foreign (Norwegian) producers. The Energy Policy Mess, by Rodney Atkinson. Bow Publications, 240

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UK NEWS

Private sector pay awards run at 7.8%

PAY INCREASES in the private MALE MANUAL EARNINGS - TOP 10 sector are outstripping those in the public sector, according to government figures published today. But absolute pay levels are still higher in the public sector.

Private-sector pay rose by 7.8 per cent in the year to April 1985, ac-cording to the Government's New Earnings Survey (NES), while public-sector pay rose by 6.4 per cent. Pay across all industries and services rose by 7.2 per cent.

Caution needs to be exercised in interpreting the NES figures for public-sector pay because of the abnormally large number of delayed or multiple settlements – the NES includes details of these for the first time. But the figures dn show a continuing imbalance between pay in the public and private sectors.

Within the overall figure for pub-lic-sector increases, nationalised industry employees have done best with rises of 7.5 per cent, with 8.9 per cent in central government and 5.7 per cent in local government.

The level of increase within the non-manual employees showed available services shows how extenerage earnings of £225. public services shows how extensively the Government's cash limit sively the Government's cash limit target of 3 per cent pay rises has been breached. The Government is with foremen still predominating. not publishing such a figure for this Of strictly manual jobs, crane driv

While private-sector pay has been showed hardly any increase at all rising faster, its absolute levels at with a rise of only £1.10. Chemical the time of the NES survey - a "snapshot" of pay across the economy in one week in April - are still below those in the public sector.

Far all male and female, manual listings after the strike, but at the and non-manual earnings, average private-sector pay was £170.30, while pay in the public sector was £172.10. The average across all inhighest earners.

BY DAVID THOMAS, LABOUR STAFF

seeking a substantial pay rise above the 6-7 per cent level, but Dr

James McFarlane, EEF director

alone overtake, our overseas

Rejecting the offer, Mr Ed Scriv-

at the meagreness of the offer, tinue pay talks.

ens of the engineering union, AUEW, said: We are disappointed

the Commonwealth group of "emi-nent persons" which is due to be ap-

pointed to help promote a dialogue between the Pretoria Government

and South Africa's black

community.
Mrs Margaret Thatcher, the Prime Minister, who fought off de-

mands from Britain's Common-

wealth partners at last week's

heads of government meeting in

Nassau to agree to comprehensive economic sanctinns against South Africa, continues to feel strongly

that the group should include some

serving government ministers. Sir

Geoffrey Howe, the Foreign Secre-tary, is London's preferred candi-

date, though nther names are also

Mrs Thatcher believes that only

if the group includes at least a cer-

tain proportion of serving minis-ters, will it have sufficient weight to

have any influence nn the South African Government, officials said.

That is clearly not the opinion of

Sir Sonny, who took a completely opposite line in a speech yesterday at United Nations headquarters in

New York in honour of Bishop Des-

1

engineering workers yesterday re-jected an offer of 3.95 per cent on He said th

alists in recent weeks over the out- cent in mid-summer. look for Britain's economy, Philip Stephens writes.

opinion the institute says that the Commerce Later today the publicanumber of members who are opti-mistic about the economy has fallen from more than half six months ago to only a quarter at the beginning of interest rates and the rebound in

BY ANDREW FISHER, SHIPPING CORRESPONDENT

240.50

231.40

221.50

218.50

215.80

205.80

205.60

Metal making/treating

Electrical power pie

Metal pipes foremen

Product Inspection

dustries and services was £171. Pay

in central government was lowest

ers - among last year's 10 highest -

operators and gas fitters are now

just outside the top 10 earners, with

He said the offer would raise the

· The EEF rejected the three other elements in the unions' four-point claim: for the adult rate to be paid

usually includes working hours and

holidays, but these have been excluded this year because they are

being discussed in a separate nego

tisting committee. The two sides will meet again next month to con-

exercise, Sir Sonny said.

The understanding in the Baha

mas was that this is to be a group of

independent persons acting in their

personal capacities on behalf of the Commonwealth as a whole. They cannot be government represents

tives because no one of them will

represent a particular government."

Mrs Thatcher, already intensely irritated by the role that Sir Sonny

played in orchestrating the cam-

paign in favour of economic sanc

tions, is reported to feel that the

"The membership of the group is not in the gift of the Common-wealth Secretariat," British officials

emphasised. The decision lay with

named in the Commonwealth Ac-

cord reached in Nassau to work out

with the Secretary-General how th

dialogue was to be organised -Zambia, Australia, Bahamas, Cana-da, India, the UK and Zimbabwe. Sir Sonny could not veto a candi-

date put forward by any of these

is again exceeding his powers.

the governments who had

realth Secretary-General

Miners are now back in the NES

£203.40 each.

Engineering union

rejects 3.95% offer

UNION LEADERS representing 1m against the background of the rate

the national minimum rate made to national minimum rate for a skilled them by the Engineering Employ. worker, rising by £3.80 a week to ers' Federation. They indicated that they were rates above the national minimum

general, referred to high labour to workers at age 18; for overtime costs in Britain when he made the employers offer.

payments to be calculated on the basis of pay rates set by individual

He said: "Productivity is improving, but the rate of improvement is still not enough to catch up with her."

The union's classified welders.

Ramphal clashes over

group for S. Africa

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT

THE BRITISH Government and Sir Sonny Ramphal, the Commonwealth Secretary General, yesterday clashed over the composition of the

Figures for average male earnings - often used to denote the "average wage" in the UK - were £163.80. Comparable figures for

Transport forame

THE INSTITUTE of Directors yes—with the Government's economic confidence among its members phased out and the effects of a tenday added its voice to the height-ened concern expressed by industritwo months earlier and only 28 per cuts in next year's budget to boost through This means that tax this period is confidence among its members phased out and the effects of a reinforced its case for sizeable tax stronger pound begin to filter two months earlier and only 28 per cuts in next year's budget to boost.

The survey comes a week after a Stephens writes.

In its latest survey of business Association of British Chambers of tion of the Confederation of British Industry's latest industrial survey is also expected to show that high

this month. the value of sterling have severely dented business optimism. The institute said the declining

MORE YARD closures and job new merchant shipbuilding busilosses could occur at state-owned ness in the financial year to March
British Shipbuilders (BS) if the 31 1986 was unlikely to match the
market did not improve after the deterioration in orders this year,
Mr Graham Day, the chairman, said work content. But since BS
made its forecasts the market has

said yesterday. said worsened.

BS has told the Government that In the corporate plan handed to Mr Peter Morrison, junior Indus-

economy. Mr Graham Mather, head of the institute's policy unit, said that despite the growth in corporate profits there was no doubt that busi-nessmen were increasingly concerned by the prospect of growth faltering in 1986.

"Companies are expecting investment and export growth rates to pany than they were six months weaken as tax allowances are earlier.

spending power and demand in the in March are a necessity rather economy.

The survey does show, however, that companies have continued to do well over recent months despite their doubts over the future.

About 57 per cent of directors said that they were more optimistic about prospects for their own com-

BS gives warning over decline in ship orders try Minister, said yesterday: Brit-ish Shipbuilders now believes that it is unlikely to be able to win this

> The gloomier news about BS's order prospects comes at a time of growing concern among world shipbuilders.

level of orders."

Directors worried about economy Freight Rover plans Europe export drive

cording to Mr George Simpson, its sales. managing director.

The decision reflects the fact that Freight Rover has increased its UK market share by 75 per cent since 1981, placing it second only to Ford.

Mr Simpson was speaking before the leunch today of <u>a</u> revised range of its Sherpa vans. The changes include what is being claimed as a "world first" nn commercial vehicles - springs made of plastic com-posites which are 60 per cent lighter than metal springs, producing a payload increase of 551lbs.

Freight Rover expects to have ex-

FREIGHT ROVER, BL's panel van- end of this year, out of total sales making subsidiary, is to mount a predicted to reach 17,500-19,000. substantial export drive within con- This compares with just over 1,000 tinental Europe from next year, ac- last year, out of a total of 16,500

> Mr Simpson said there was now a significant need to build up a strengthened distribution network on the European continent.

Freight Rover's export sales -It feels that the scope for further substantial gains in the UK is limited.

Which are mainly in Spain - are handled primarily by associate companies of BL-ARG Espana in Spain and Leyland Vehicules Industries SA, the Leyland Vehicles distributor in France and the Benelux countries. Other countries are

handled by independents. While these arrangements were satisfactory. Mr Simpson said, Freight Rover was looking at "all possibilities" for expanding its con-tinental networks. He did not exclude marketing joint ventures but ported 1,200-1,300 vehicles by the did not identify possible partners.

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Peter Marsh on Natural Environment Research Council moves to make the most of its special aptitudes

Drive to earn more from research

THE Natural Environment Research Council is under pressure to step up work with commercial potential as a result of cuts in government funding. In 1983-84, the council received a direct grant from the Department of Education and Science of

Sponsored research from other government departments, such as the Department of Energy, and from the European Community added £22m to the council's become Contributions from income. Contributions from industry and other organisations made up the remaining £5m of the £89m total budget. Over the next five years, the council's income from the DES will decrease by 3 per cent a year, according the assumptions in the body's corporate plan sub-lished in Fehruary. There is likely to be a similar fall in revenue from commissioned research from other govern-

ment departments.

According to the corporate plan, over the next five years the council will have to reduce its staff of 3,130 by 800. It will have to spend a greater proportion of its income in grants to university researchers—this sum came to just £4.6m in 1983-84—and less on supporting the council-run research institutions such as the Institute of Terrestrial Ecology.

According to the plan, the council must try to increase the revenue it earns from applied research and developmeet and recruit more staff concerned with this type of activity.

Among the research organisations maintained by the council are the institute of Virology in Oxford, the unit of Comparative Plant Ecology at Sheffield University, the Reshwater Biological Associa-tion in Ambieside, Cumbria, the Marine Biological Association and the Institute for Marine Environmental Research, both in Plymouth, and the Scottish Marine Biological Association in Oban.

The council is also responsible for the British Antarctie Survey, which operates research studies in the Antarctic and neighbouring areas such as the Falkland Islands.

Fungus at the root of the sprucest spruce

A WAY of using fungi to promote plant growth could prove popular with amateur gardeners mycorrhizas could bring radiand help develop desert areas of the Third World.

mycorrhizas could bring radiant cal change in many agricultural practices.

Scientists at the Institute of Terrestrial Ecology in Edinterrestrial Ecology in Equin-hurgh have cultivated certain types of fungus that speed up the growth of trees and other vegetation. The workers are joining forces with Strathclyde University and the Agriculture Genetics: Company (6) Genetics Company (o govern-ment-backed group which seeks to commercialise inventions at Britain's Food and Agriculture Research Council) to develop

applications for the fungi. Studies at the institute have shown how to produce biological cultures of the fungi which can he implanted in soils to hasten the development of vegetation. The cultures are developed in laboratories and then transported to fields or plantationa as an innoculum.

In soil, the fungi interact with roots of trees and plants to produce mycorrhizas, thread-like network which hring extro nutrients to the vegetation. According to Mr Robert Munro

Increasing growth rates by a factor of two or more hy artificial impregnation of roots in soll could help plantations, par-ticularly io infertile perts of the world. The mycorrhizes could also be sold through nurseries to gardening hohbyists. Other customers for the fungi may include local outhorities and other organisations which want to see a quick growth of trees. for instance to cover waste tips in the shortest possible time.

Much of the work of the Edinburgh institute has been in identifying the type of iooccu-lum needed to increase the development of particular species of vegetation. For commercial reasons, the institute is unwilling to identify its fungi, which can be grown either in a liquid or in a vermiculite pest.

Mycorrhizas, as scientists have known for decades, form a sheath-like structure around the

murients such as phesphates, industry. The council took among the organisations space at a recent technology interested in the commercial transfer exhibition in Birming-drought, high soil temperatures and amormally high acidity.

The beneficial relationship hetween trees and the roots can be groups run by the Natural untrients such as phosphates, industry. Environment Research Council, Mycorrhizas may also increase space at mycorrhizas could bring radii trees' ability to tolerate transfer e

tweeo trees and the roots can be spotted easily enough on a wood-land walk. Evidence that many trees are surrounded by the mycorrhizes comes from the fruit bodies such as toadstoels which may emerge above

which may emerge above ground.

Different trees are associated with different types of fungi. The joh of the Edinburgh scientists was to find out how specific types of fungi influence the growth of perticular trees such as pines, heeches, birch, alders and willows whose development is known to be associated with ia known to be associated with In recent work, the scientists in Edinburgh have paid special

ettention to increasing the growth of Sitka spruce seedlings in infartile soils:
The Natural Environment Research Council, which has an the membrana attracts hydrocar annual budget of ebout £90m bons to the electrode which

tween institutes run by the council and the commercial world include:

 Pollution monitoring Scien-activity of rocks on the sea bed.
tists of the Institute for Marine The instruments are modified Eovironmental Research in scintillation counters that detect Plymouth are designing instru- gamma rays. . ments to monitor coocentrations of organic and inorganic mole-cules in water. A particular type of instrument measures, the electrical charge on organic molecules such as, aromatic, hydrocarhons, common pollutants of which benzene and phenanthrece are examples:

The herdware uses peculiar membranes made of legithin—a substance belonging to a class of fatty substances called lipids. In the bardware, the membrane wraps around e mercury electrode. Because the lecithin has a high affinity for hydrocarbons, bons to the electrode measures its charge.

possibilities of this work.

Offshore surveying. In confunction with the Harwell Laboratory, the British Geological Survey has conducted tests ment with Mark with instruments towed behind boats to measure the radio-

The devices can detect tiny deposits of radium and other elements that may produce radioactivity naturally. Spotting such deposits may help scientists understand the geology of rock formations and guide them to mineral deposits. In recent work on behalf of Geevor, which runs a tin mine on the coast of Cornwall, scien. Satellite searches. That ists tracked the positions of British Geological Survey is tists tracked the positions of underwater tin deposits by

oxide ore often found in com-hination with the metal. Another customer has been

organisations survey the sea bed off Cumbria to check for radioactive s work.

 Underwater mapping. The O Underwater mapping. The council has signed an agreement with Marconi Underwater Systems, a subsidiary of GEC, which is to exploit a sonar system called Gloria. The system, developed at the council'a Institute of Oceanographic Sciences in Godalming, has been widely used by the US Geological Survey in mapping the sea bed off California.

Marconi expects to make £5m

Marconl expects to make £5m a year from exploiting the technology in underwater surveys-for instance, to help companies identify oil and gas deposits— and will pay the council a royalty.

involved in other work for oil ond mineral companies in the using its radiation counter to detect prichbleode, o uranium interpretation of remote-sensing satellite data from the US Landsat vehicles. By spotting geo-logical faults and other features. nutrients to the vegetation. roots of a tree or plant. Far (most of it from government measures its charge.

According to Mr Robert Munro of the Edinburgh institute, which is one of 14 research bring to the plant water and from consulting work in Britain'e water industry, is poration asked the scientists to the electrode which measures its charge.

British Nuclear Customer has been logical faults and other features.

British Nuclear Fuels, which the satellite information of particular shed of particular ships of metals and other features.

British Nuclear Fuels, which the Sellafield nuclear shed light of deposits of particular structures act as conduits which the £5m or so it earns annually a set of laboratories run by facility in Cumhria: The corticular kinds of metals and the scientists to other minerals.

Look at FOR PROJECT MANAGEMENT

Versatile resin packaging

DU PONT has gained a new customer for its Surlyn ionomer resin packaging material. The product has been adopted by Societe SVEM, a big French packaging company whose customers include Black & Decker, Calor and Thorn-EMI, whose light hulbs SVEM nacks. SVEM packs.

The resin, which Dn Pont supplies as a raw material, is used to pack anything from garden sprinklers to spanners or screwdrivers.

Although the resin costs Although the resin costs about the same as a square metre of PVC, it is claimed that it is easier to use, has a higher heat obsorption rate that traditional skin packaging materials and seals reliably over e broader temper-ature range, as well as having other properties which made for production and marketing

ICI looks into liquid crystals

ICIS RESEARCH laboratories in Runcorn are joining forces with scientists et Manchester University to investi-gate new applications in data storage and displays for liquid crystals.

Liquid crystals are materials whose optical characteristics are altered by electrical pulses of set values. They can thus be made into displays in which current or voltage changes trigger alter-etions in the crystal'a properties, providing an optical representation of numbers. lettering or pictoral scenes. The programme will examine new kinds of materials and test ideas such as huikl-

log very large TV-type dis-

Overdue exposure for the government's top photographers

PROFESSIONAL photographers often reckoo—with some justification—that their role is undervalued. If civil servaots sometimes believe thet the work of government departments is likewise under-rated, it is o fair bet that professional photographers working in govern-ment are an unrecognised

A small but impressive attempt to restore some of the balance was made in London last week with the opening et the Science Museum of an exhibition drawn from the work of government photographers. Organised with the help of Kodak. 'Public Eye" runs until next Joouary and then goes on e nationwide tour.

The extraordioary range of photography tackled by these backroom staff is exemplified by the equally extraordinary list of participating departments.

Many of these are really socalled "fringe bodies," such as
the British Antarctic Survey Video & Film

BY JOHN CHITTOCK

people in e variety of units, are in the Whitehall front lice. Although it opens et the Science Museum, the exhibition includes impressive examples of pictorial photography—ranging from a study of Royal portrait painter Edward Hill to e classic press picture of the Downing Street cat on Number 10's doorstep. But it is the technical work of these professionals which is perhaps of greeter national importance in the long ruo, even though it is least likely to recommend the second second

likely to receive accolades. One of the largest photographic units, for example, is the one based of the Royal Air-craft Establishment at Farnborough. It uses many specialthe British Antarctic Survey ised techniques in investigating and the Unit of Insect Neurophysiology. Others, like the formance, even ergoomics. Ministry of Defence, which High speed photography and maintains, the biggest of all cinematography is fundamental photographic sections, with 346 to their work, with video and

other new techniques such as ment containing one kilo of holography creeping in—the beroin. latter not only for non-destruc-tive testing (it readily reveals stress patterns), but also for producing 3D pictures.

of the panorama camera once used for the school groop photograph. This uses a slit shutter allow the object to rotate during one continoous exposure. The resultant picture can "un-roll" a cylindrical view for instance of a gear wheel or, more topically, e cracked burner can in a jet engine, making 360 degree inspection easy.

There is also o dash of adventure in some of the work on show, such as an image intensifier photograph taken et night hy HM Customs and Excise. This captures the moment of arrest when two drug smugglers were caught in a car park. Much work of this kind is used as courtroom evidence, exemplified by another intriguing picture of a stonemason chipping open a huge imported tombstone and uncovering a hidden compart-

Predictably, high speed photography crops up in many scientific and industrial applica-tions. The National Institute of One unusual photographic Agricultural Engineering has application at Farnborough emon display one example which ploys a so-called periphery is eye-catching enough to grace camera—based on the old idea the cover of the institute's brochure—a photograph of spray from a nozzle. The dispersal characteristics of chemical sprays are obviously important in agricultural studies, and offer a classic use for high speed photography.

for high speed photography. For all the special techniques now available—such as thermogrephy (to reveal tiny temperature differences), photoelasticity (where mechanical stress shows up as colour fringes), and contract control (to detect and cootrast cootrol (to detect almost invisible details) — the essence of applied photography is in its value as an instant recording medium.

One idea-elegant in its simplicity—is now in routine use at the National Physical Laboraproblem in checking the call-bration of thermometers, Talls was being dooe visually, one Despite such expertise, pro-do.

thermometer at a time, because fessional photographers — and of the need for instant correlaperhaps especially those in govof the need for instant correlation of a number of parameters against set conditions. The photographic department suggested, instead, the ase of a large format (10 x 3m). Polaroid camera, which enables as many as nine thermometers at a time to be recorded, an efficiency, increase of 600 per cent.

Simplicity, though, is not enough. With another colour

Simplicity, though is not enough. With another colour photography technique the photographers at the Royal Greenwich Observatory have demonstrated the importance of a thorough technical hack-ground in camera media. The very long exposures necessary in astronomicol work cause the three main emulsion layers of colour film to respond unequally (e phenomenon known as reciprocity failure) and that gives rise to distorted colour reodering. No ordinary snap-shotter would know this, or bow to solve the problem by making three separately controlled ex-posures through appropriete filters on to black-and-white

plates - so-called separation

will never know the name of the person responsible for the beautifully lit and composed portrait of Edward Hill, nor whose hand was behind the lens of an RAE vecuum tube picture which would grace the walls of any Mayfair art gallery.

As one government photographer complained to me:

There has been a down-grading of photography (in gov-

ernment)-it's called a service." It is perhaps a geogral malaise in the photographic profession, not belped from the start when Kodak's founder, George Eastman, coined the phrase: "You press the button, we do the rest." Or, to misquote a famous aphorism, any fool can take a

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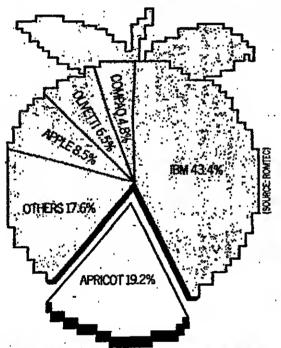
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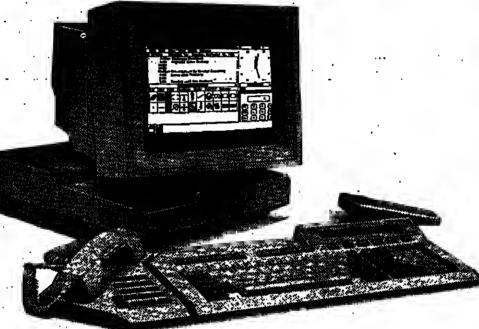
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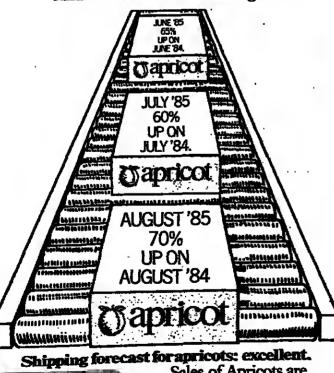
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THE MANAGEMENT PAGE: Small Business

PUT YOURSELF in this situa-tion. It is your first year in business and a new customer has telephoned to place an important order which could take up an entire six months'

Initial elation soon gives way to anxiety as you realise that there is no way of knowing for there is no way of knowing for sure whether or how quickly the customer will pay. You must check his credit-worthi-ness, yet a day's delay could mean losing the contract. Any number of competitors are wait-ing in the wings. What do you

All too many small husiness-men would simply rely on their instincts and make a decision which they could regret later if the customer runs into payment the customer runs into payment difficulties. Such mistakes are frequently more aerious for small ventures than for large ones because individual customers tend to represent a far higher proportion of total sales. One way round the problem is to make use of the increasingly sophisticated business data available — often at the touch of a hutton — from Britain's credit reporting agen-

and ability to pay. Their services are not new. their screes are not new, but their scope is expanding fast so that they now represent an important decision-making tool for business too amall to afford their own credit-checking staff.

Britain's credit reporting agen-cles. These collect information

on husinesses' financial health

A small business equipped with e viewdeta set or microcom-puter, for instance, could obtain a brief breakdown on a cus-tomer for around £5—charges vary widely depending on the amount of information required —as against the £15 to £20 costs of getting a written report by

"We know we are sitting on some super tools. It's a question of getting people to understand how to use them," says Dr Philip Holmes, managing director of Jordan Information Services, part of Jordans company formation group. But what exactly are these tools and how can the small businessman make them

Five of the lergest credit re-porting groups have launched computerised services in the past year, allowing clients almost instant access to informa-tion on customers and suppliers through terminals on their own decks

Apart from speed and cheapness, these services offer the advantage of quick updating of any changes in a company's credit-worthiness. In eddition, explains Tony Hollends, director of business marketing for Dun and Bradstreet, the largest suppend for their information on their uses, manufacturers, retailers sources such as Companies and wholesalers.

The UK, "as the database bas House, court judgments on that infolinc keeps take on

952q-12.



But can the customer pay?

William Dawkins looks into credit rating.

expanded, the information has lent itself to any number of marketing uses."

One small husiness to heve used on-line credit checking to used on-line credit checking to avoid potentially troublesome avoid potentially troublesome customers is Nyborg Plastics, a Widnes-based maker of polythene sheet. Nyborg, which has annual sales of fom, plugged into the database run by CCN Systems of Nottingham a year ago and has already saved £10,000.

That was the price of en order from a customer which was found, thanks to a CCN check, to heve II County Court judg-ments against it. Needless to say, the order did not go through.

One of Dun and Bradstreet's most recent services, launched in August, provides analyses of companies' payment patterns against the norms for their industry and gives an indication of settlement times. Based oo the sales ledgers of Dun and Bradstreet's larger customers, the payment trend analysis is eveilable for about 20 per cent of the 900,000 companies on the group's UK business database. This provides an aid to cash flow projection.

of a new company almost before it was trading," says Another recently launched service allows clients to feed in a list of parameters for their If you need information on partnerships and sole traders, who would not be registered at Companies House; the specialist in that field is Infolink, run by the United Association for the Protection of Trade. The association's 10,000 members include banks, finance bouses manufacturers registers ideal sales prospect, including such qualities as turnover, location, industrial sector and number of employees. Dun and Bradstreet will then return a list of companies conforming to those qualities.

Credit reporting agencies de-

In common with other credit In common with other credit reporting groups, it will monitor your clients and customers (at £1.40 per year each) and warm you whenever any advarse credit information crops up, such as a payment default notified by an association member or a court judement. judement.

ICC Information Group prides itself on its recently expanded file of more than 100,000 privfile of more than 100,000 private companies, which it believes is the largest source of information on unquoted businesses. The speed at which their mation on unquoted businesses. The speed at which their mation on unquoted businesses. The speed at which their market move means that business planning is more involversal Stores, is hest known as a supplier of consumer credit information, but broadened its other kind of venture. That services last year to include on-line business information following its acquisition of the credit reporting group, Man-chester Guardian Society. Partnerships and sole traders joined the 'CCN 'on-line service in January.

On-line information is cheap if you are making a single inquiry, but a longer hrowse through the database will cost anything from £45 per hour at Jordans to £60 hourly at ICC. CCN, however, only charges per

BRITAIN'S leading credit reporting agencies include the following: Dun and Bradstreet, 26-32 Clifton Street, London RC2P 2LV. Contact Andrew Dick.

zi.Y. Contact Andrew Dick.
group director, credit services. Tel 01-377 4377.
Jordan Information Services,
Jordans House, Brunswick
Place, London NI SEE. Contact Dr Philip Holmes,
managing director. Tel 01253-3830.

253 3830, UAPT Infelink, Zodiac House, 163 London Road, Croydon CR9 2RP. Contact Philip Cook, marketing manager. Cook, marketing manager. Tel 91-686 5644. CCN Systems, Talbot Street,

Nottingham, NGI SHF. Con-tact Peter Winler, business development manager. Tel 0602 410888. ICC Information Group, 51

City Road, London ECIY 1AY, Contact Don Baker, Tel. 01:250 3922.

670,000 sole traders and partnerships which it claims is the largest database of its kind.

Where the risk is greatest

BY WILLIAM DAWKINS

technology companies realise that the riskiest period in their fortunes comes not when they

other kind of venture. That is the main theme of a paper presented recently by David Connell, manager of accountants Deloitte Haskins and Sells' London high technology gronp, to a conference of the Institute of Electronic and Radio Engineers.

"External market and internal organisation changes

ternal organisation changes happen much more quickly than in most other forms of business. This means that errors in planning can swiftly be magnified, with disastrous consequences for the business," argues

A change in management style is the only way to cope. Start-up ventures need to be innovative and responsive to market opportunities, but they do not necessarily have to be very efficient so long as they can sell technologically superior

their markets mature, the emphasis must shift towards tight financial control with efficient production and market-ing. The founders of such ventures often find that they cannot learn these skills fast enough and therefore have to come to terms with recruiting professional managers from

Connell believes that most businesses should need a full-time financa director (at least) load the information you need onto your own computer before is taken the data noto your num do computer, you don't have to pay to use it," explains Holmes. If your business does not own a computer, a viewdata set or teletype terminal will cost at least £8 per week to hire or £700 to £1,300 to buy. And if you do have e computer, you will have to pay £200 to £300 for a software program to converse with the credit reporting agency's machine.

His paper coincides with last by the time financa director (at least) by the time they have 50 staff, week's release of figures by the Small Business Research Trust. The paper coincides with last by the time they have 50 staff, with a strong managing director able to control all aspects of the business through a middle management team by the time financa director (at least) by the time they have 50 staff, with a strong managing director able to control all aspects of the business through a middle management team by the time they have 100 employees.

The most critical time in a small high technology company's early life, says Connell, form of organisation is frequently made only with difficult of communication tend to hreak to have control are common during to control are cont

FEW managers of small high down at that stage and, to add these periods and fundamental technology companies realise to the strain, a second product changes are often required in this statement down on that the riskiest period in their is often being introduced at the the style of top management, fortunes comes not when they Indeed, in some cases, a change in leadership may be necessary," he says.

future.

Business planning plays an important part in containing the risks that go with growth. An informal approach to planning the very efficient so long as they is usually adequate in the can sell technologically superior early stages, but abortcomings connell.

But as they graw larger and denote the planning approach to planning in the can sell technologically superior and stages, but abortcomings more company gets more company gets. draws in competitors. It is at this stage that high technology But as they grow larger and companies often have to face the fact that the idea they started with may not be the one to carry them into the

An extreme example of this process is the early history of the pocket calculator. In the seven years to 1979, prices fell seven years to 1979, prices fell from £79 for the Sinclalr Executive (the world's first true pocket calculator) to £5. Competition now revolves on production volumes, global marketing and price—a aituation in which very few small companes could survive.

Planning must therefore start by addressing competitors' acti-vities and the expected life span of the company's products.
Only then will it be possible to come up with a business strategy, which typically should set production and marketing targets for the 18 months ahead.

The next step, he advisor in turn the strategy into a detailed plan of resources needed to make work. This should cover have like what equipment will needed and when, how make people will he needed what technical skills and make the property of the needed in the people will be financial implications.

Most business plans stop of that stage, says Connell. Much high technology ventures to go further to examine has the organisation and management of the husiness must evolve around the plan. This implementation of the plans must itself be planned so that the management hurden can be spread as widely as possible.

Each individual's responsible. Each individual's responsibilities and performance targets must be precisely documented and progress reports must be made to the hoard. That makes it possible to check, says Connell, "that the business has the management capacity to carry through all the changes involved as well as to run the core husiness."

ore nustices.

The Monagement of Growth in High Technology Companies, available free from Delotite Haskins and Sells High Technology Group, 128 Queen Victoria Street, London, EC4 JX. Telephone 01-248 3913

In brief ...

AN UPDATED fifth edition of accountants Arthur Young's guide, Financial Incentives and Assistance for Industry takes into account the reorganisation last spring of the Department of Trade and Industry's numerous support schemes into four groups; investment support, support for innovation, business and technical advisory services and support for exports.

The first four chapters deal with those headings. Others cover employment and training, local business initiatives, agriculture, national resources, transport and energy. Also included in the guide is practical addition on making practical advice on making grant applications with lists of contacts.

Copies are available free from Deborah Jones, Arthur Young, Rolls Buildings, Fetter Lane, London EC4A INH. Telephone 01-831 7130.

THE RISKS and advantages of exporting for small businesses are outlined in detail in the latest series of guideline sheets produced by the Small Business Bureau, the Conservative lobby group. The sheets are non-political

and deal with subjects rang-ing from transport to choosing a market, export docu-mentation, bills of exchange and credit insurance. A full set of Smail Exporters' Guideline Sheets costs £2 including post and packaging. Applica-Leah Hertz, 32 Smith Square, London SWIP 3HH, Cheques

should be made out to the Small Business Bureau.

THE BELIEF that managed workshop projects are suc-cessful incubators of small businesses is challenged in a review by the Glasgow-based search group, the Planning Exchange.

Most businesses located in

workshop developments-small units on flexible terms in centrally managed indus-trial buildings—claim that they would have started in any case, says the report. Haris Martinos, the author, argues that workspace pro-jects are nevertheless valued by small businesses because of the low rents and easy tenancy arrangements they provide.

velopments for Small Businesses are available for

26 (or 24 for Planning Exchange members) from Derrick Johnstone at 186 Bath Street, Glasgow G2 4HG. Telephone 041 332 2541.

FINANCE for Private Companies is the title of a seminar to be presented by the business information group.

Dun & Bradstreet, on November 12 and December 4.

The seminar is for business owners and financial decision.

makers and will outline op-portunities for those seeking outside finance for the first time. Details of financial sources available and ways to obtain new finance will also

The Cafe Royal in London's Regent Street is the venue. and tickets cost £125 plus VAT. Details from Alison Ludlam, Dun & Bradstreet, telephone 61-877 4452.

Business

checks on individual company directors). As one might expect from a competitive and fast-moving industry, the leading organisations have each cultivated special niches. It is worth bearing this in mind when shopping expund.

Jordans, for instance, claims

to offer a unique service in its new companies register which

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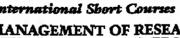
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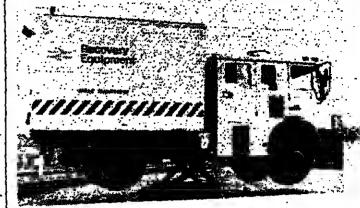


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DEVELOPMENT AND TECHNOLOGY

CONTRACTS

By road or rail



A BEDFORD truck that is equally at home on road or rail is about to enter service with British Rail to provide a speedy method of emergency recovery. A £1.75m contract for 30 of fibese road/rail vehicles has been won by Bruff Manufacturing of Suckley, Worcester, for delivery over the next 12 months. This truck conversion is based on the non-HGV Bedford TL 750 medium-duty chassis with four-wheel drive "Pathfinder" conversion by Bedford main dealers USG of Portsmouth. Tha vehicle is powered by Bedford's 5.4 litre, 135 bhp diesel engine. With its high-traction, "go-anywhere" drive-line, the vehicle is able to mount the rail track at any accessible point on slopes of up

for operation on rail, a retractable turntable mounted on the underside of the vehicle positions the truck precisely over the track. Steel-flanged, retractable, rail wheels are lowered hydraulically onto the rails to provide guldance for the vehicle, which can achieve 35 mph on rail. The normal road wheels, acting directly on the rails, provide traction and braking during rail travel. The steering wheel is locked into the central position for rail operation. The road/rail vehicles ordered by BR are equipped for dealing with rail mishaps and primary equipment is o range of high-power hydraulic jocks capable of lifting up to 240 tons.

Marine projects for John Howard & Co

JUHN HOWARD & CO has been awarded e number of marine projects totalling around £7.3m in the south of England. At Burnham-on-Sea a contract valued at £1m has been awarded by Wessex Water Authority for the construction of e concave wave wall with concrete stepped revetment supported on piles. In Worthing the Borough Council valued at £1m has been awarded by Wessex Water Authority for the construction of e concave wave wall with concrete stepped revetment supported on piles. In Worthing the Borough Council has awarded a £300,000 contract for the reconstruction of the sub-structure to the Southern Pler Pavillon. The flood defences on the River Medway are to be improved under two contracts, together worth £1.4m, for the Southern Water Anthority. The work consists of a precast concrete wave wall on a steel sheet completed later this year.

Contracts for mechanical engineering services for five of McDonald's Hamburger restaurants amounting to £400,000 have been awarded to the Stockport based SHEPHERD AIRCONDITIONING. A contract has also been awarded for the mechanical and electrical services for the new Ladbroke Hotel being built adjacent to Manchester International Airport at a cost of £1.4m. The Bridgend branch has been awarded a £280,000 contract by Costsin Construction for installing mechanical services at the Kingsway Shopping Centre situated in the centre of Newport, Gwent. The present shopping centre is to be modernised and refurbished to a high standard to improve comfort conditions for the public and provides better thereping Southern Water Anthority. The work consists of a precast concrete wave wall on a steel sheet pile cut off, and the raising of an existing capping. Two contracts have been awarded by Swale Borough Council to protect the cliffs on the Isle of Sheppey totalling £2.4m. The reinforced concrete walls will be supported by steel piles with a steel sheet pile cut off, and the promenade with timber piled groynes. The work includes cliff regrading and some breach nourishment. Further contracts have been awarded by Medway Port Authority for extensions to the area awarded by Medway Port Authority for extensions to the area facilities.

A contract worth £1.5m has been for installing in British. Telewood by HAWKER SIDDELEY com's trunk network during 1985.

A contract worth £1.5m has been won by HAWKER SIDDELEY POWER ENGINEERING from the Jordan Electricity Authority for substation switchgear and ancillary equipment for the Zerqa substation, and at the newly-constructed Rehab substation. Both 132 kV/32 kV substations are more than 900 metres above sea level to the north of Amman. The stations are included in the authority's programme designed to develop the national grid in northern the national grid in northern Jordan by strengthening power fed into the Irbid District Elec-tricity network. The equipment is due to be commissioned in

NET INTERNATIONAL COM-BUSTION, Derby, has won orders worth a total of £1m from orders worth a total of film from Pakistan, Zambia, Nigeria, Egypt and France for its range of grinding and air classification equipment for the production of fine powders. The equipment will be manufactured by the process plant products business unit of NEI International Combustion.

RROADRENT has won o contract BROADBENT has won o contract worth over film for an oil cuttings cleaning system for the Oseberg "B" platform. The system comprises two primary cuttings centrifuges with a secondary recycle oil centrifuge. To complete the system Broadbent will also supply all the relevant tanks, switzers pumps relevant tanks, agitators, pumps, conveyors, valves, control gear and instrumentation.

UNITED KINGDOM CONSTRUCTION AND ENGINEERING
COMPANY, Liverpool, part of
the West's Group International,
has been awarded contracts
work involved in the blending
and pre-blending buildings and
associated tank farm for the
Shell Lubricants Centre, Stanlow.
The contracts, placed by the
managing contractor, M. W.
Kellogg, are for inatallation of
about 40,000 metres of pipework
in a complex, multi-layer configuration; 400 items of mechanical equipment contained in figuration; 400 items of mechanical equipment contained in Germany; two buildings; and 80 tanks in the Rockwell, Troy tank farm. Work has started for motive componer completion in August, 1986. A contract for cleaning and refurbishment of heavy fuel oil cells and pumping equipment at the oil fuel depot in Rosyth Naval Dockyard has been awarded by the Property Services Agency. Farnborough.

VICKERS DESIGN AND PROJECTS, Eastleigh, has a contract
for overhaul and maintenance
workshop equipment worth
néarly 23m for the Tuen Mun
light rail transit system in Hong
Kong, Vickers will be acting
as sub-contractor to the consortium of Leighton Contractors
(ASIA) and the Metropolitan
Transit Authority of Victoria, Australia, for the design, supply
and setting to work of yard and
workshop equipment essential
for the maintenance, cleaning
and servicing activities of the
system.

BONAS MACHINE COMPANY, Sunderland, has won a £3.50% order to supply bigb-speed needle looms to East Germany,

needle looms to East Germany, writes Anthony Moreton. Bonas is a ploneer in looms specialising in narrow fabric weaving for ribbons, tapes, hat bands and name tapes. Two years ago it developed a highly advanced airhet loom the rights for which were subsequently sold to the Swiss company Sulzer Ruff, world leader in the field. The loom being sold to East Germany won a gold medal at this year's Leipzig Fair and tha order is the largest in tha company's

the largest in the company's history.

Orders totalling fl.m, most of which are from overseas, have been gained by OMETRON for eight SPATE 8000 stress analysis systems. Six of the eight British developed systems have been sold overseas: to Mazda Motor. Japan, Zahuradfabrik Friedrichshaten Gearmakers and the University of Stuttgart in West Germany; two in the U.S. to Rockwell, Troy, Detroit (automotive components) and Garrert Rockwell, Troy, Detroit (auto-motive components) and Carrett aero engine turbines and the first in the Netherlands to National Aerospace. In the UK the two orders have come from British Telecom, Birmingham, and the Royal Aircraft Establishment, Farnhoroush.

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For further information please contact the joint receivers:

Barry Jones Peat, Marwick. Mitchell & Co. **Grove House** Grove Place Swansea SA1 5DE Tel: (0792) 50018

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M. J. MOORE Coopers & Lybrand 5, Albion Place, LEEDS LS16JP Telephone: (0532) 431343 or his manager, N. G. MUFFIT, at the company's premises Telephone: (0924) 443464 ROAD PLANNING CONTRACTOR Huddersfield

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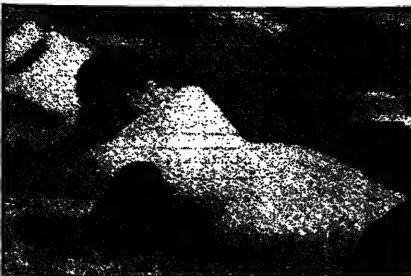
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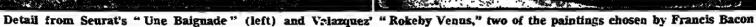
Vision in the eyes of the artist

The idea of Inviting artists to lake their pick of the National Gallery's collections justified itself to such intriguing effect in the series of small exhibitions which came of it that the revival of The Artist's Eugester a short break is most Fue after a short breek is most belcome. Francis Bacon is the artist of the hour; this second series which he inaugurates will continue for at least the five years Sbell UK has committed

Mr Becon has chosen 15 paintings to hang together for e spell (until December 15) In the Sunley Room at the heart of the National Gallery, and he is public figure enough, especially after his critical triumph at the Tate, for his little show here to excite general curlosity. It deserves more serious consideration than that, however, for it is a restatement and demonstration of a point of real importance to an understanding of great art and the nature of the public institutions it supports. That point has been made by every Artist's Eye, but it will always bear repetition.

The great public gellerles, of which the National Gallery is one of the most remarkeble, perform the necessary duty in a democratic age of collecting and holding great art on behalf of us all. But the roles and functions that follow upon such duty, of conservation end exhi-y hition, exposition and research, were never necessary to the making of art, and need he no concero of the artist. It is the instinct of the scholar and the curator to distinguish school from school and period from period, to hang like with like and to see each work within its clear and separate compoart-ment. Practical convenience too is a powerful argument that must hanish the higgledypiggledy of private collection and accumulation from the museum. Collections grow, and special areas of study declare themselves, and it is in the





nature of the beast that the immediate, hermetic disciplines and preoccupations of scholarship should sometimes cloud more general considerations.

In taking all this into account we need not so much guard against the scholarly, institutional view of what art is and how it may best be ordered and experienced, as against the easy assumption that it is the only view. The artist has other orders of priority, and though his may not be an academic expertise, his interest in the same material may he as great, his actual knowledge of the work in its physical presence as profound, as any scholar's. He will be drawn to the work of the great drawn to the work of the great masters hy ell manner of sym-pathy and interest, general and particular, looking often for direct practical help and pertinent example, no matter that centuries may intervene or cultural harriers seem to block the way. Before the work he recognises that whatever the superficial differences might be humanity, deeply felt. He bas always said if his own

questions are asked of it.

Francis Bacon's preoccupation has been the human figure, and in particular the male nude, so it is herdly surprising that in the maln he has chosen figure paintings of one kind or another — portraits and studies of the nude on the one hand grander figure comone hand, grander figure com-positions on the other. But given his own fierce and idlosyncratic expressionism, over-laid as it appears to be with misanthropy, it is surprising that his choice should rest entirely with paintings whose common characteristic, whether stated in terms of intimate directness or monumental grandeur, is a clam and tender

tinct object, with s life of its own quite apart from any reference to buman experience. The Tate retrospective certainly made clear to those who looked heyond the imagery that he was a painter of great delicacy and finesse; and now again he is able to say to us, in this different way: "Look—this is whet I mean."

Here there is none of the environment of the environment of the say reconce extravagance.

eny rococco extravagance, no Tinan or Tintoretto, Rubens or Tripolo, but instead a qulet, static and seif-sufficient monmentality that sets the Virgin and Child of Masacclo so happily alongside the buge Baignade of Senrat and the sphinx-like Madame Moitessirr of Ingres with even the large sphinx-like Madame Moitessirr of Ingres, with even the large Degas pastel of a woman drying berself, Apres le Bain, holding its place in the company hy the simple sculptural anthority of the image. The more active

the essential community of artists, expressed by problems dation and despair, but rather with the direct statement of the allows a direct and potent intercourse. The work remains as a convincing yet disast alive and vital now as it ever was, if only the right questions are asked of it.

Francis Bacon's preograph.

Ceroed with distortion, degracompositions too; the firing side hy side with a Velásquez compositions too; the firing side hy side with a Velásquez compositions too; the firing side hy side with a Velásquez composition and the Goya are drawn into the common achieved with s ravishing factions are asked of it.

Francis Bacon's preograph.

The Tata Fatrospactive compositions too; the firing side hy side with a Velásquez composition too; the firing side hy side with a Velásquez composition and the Goya are drawn into the common achieved with s ravishing factions are asked of it.

Tata Fatrospactive compositions too; the firing side hy side is the only image of the figure here in which the marks on the here in which the marks on the surface, which is to say the handling of the medium, are especially in evidence in themselves, and it is left rather to the isndscapes of Turner and Cézanne, end the kitchen chair still life of Van Gogh, to keep up in mind of the mysterious language of paint which in its handling is so consepicous a feature of Bacon's own work. These comparatively small

To see such things as the Degas on the same wall as the Rokeby Venus of Velasquez, or the Seurat as the Masaccio, is a rare and valuable experience, but magnifirent as these things are for me the greater pleasure was afforded by the clutch of portraits—the two Rembrandts of Margaretha de Geer bung

conviction: Rembrandt Intimate and wholebearted in his psychologicsl scrutiny; Velásquez de-tached; Goya ironicai; all of them profound in their humane understanding.

These comparatively small works draw us closer to the heart of Bacon's own sympathies and en understanding of his vision, and if I have regrets at all about this show, they roost with them. I do wish that the Goya had been hung directly with the other three and I also wish that Bacon himself, who has not exercised his selector's privilege to introduce e work of his own had chosen to hang of his own, had chosen to hang with them one of the small portrait studies he painted nearly

Kullervo; A Faust Symphony

Andrew Clements

A weekend of gargantuan symphonies at the Festival Hall. On Saturday the main work in the Royal Philharmonic Orchestra's concert under Paavo Berglund was Sibelius's Kulierro Symphony; The following evening Georg Sholti took the London Philharmonic through Liszt's A Foust Symphony. The latter may be no great rarity nowadays — its popularity among conductors appears to be grow-ing—but the Sibellus certainly is, not only because of its dimension (75 minutes of music, requiring soprano and haritone solists as well as a male-voice chorus) but because

of its unevenness.

Sibelius's earliest attempts at exploring Finnish mythology is an awkward kind of hybrid: part tightly organised sympart tignity organised sym-phonic structura (it would he hard to fault the first move-ment on its architectural con-sistency), part dramatic oratorio. The big central movement, which relates the main part of Kullervo's story, is essentially operatic, packaged for the concert ball hy having the three female protagonists sung hy a single soprano. That movement is in every way the least convincing, with four-square choruses and plain solo

Berglund presented it here with the thrust and conviction he gives habituelly to his Sibelius performances. He also had the benefit of a fine Finnish soprano, Eeva-Lisa Naumanen, more than adequate baritone, Jorma Hynnineo, and the Helsinki University male rne Heising Onversity mate voice choir. With such euthentie credentiels (and surely Kullervo is nearly unperformable except with native

singers) the symphony was given the best possible chance and still only seemed partly successful. The first movement, translating Bruckner into Scandinavian sohriety, is an Impressive achievement with a splendid opening theme; thereafter the music hecomes progressively less distinguished.

Liszt's Faustian extravaganza is a different metter, and in

is a different metter, and in romparison seemed the very model of organic coherence. Sholti proved to be a model interpreter, obtaining playing of great accuracy and penetration from the LPO. One could tmagine the same conductor a decade or more ago making this symphony seem intolerably aggressive; surely it is not imagination that finds in his conducting more recently a newfound mellowness, a desire to found mellowness, a desire to round off the sharper edges without sacrificing any attack or immediacy. Other conductors may well have found more warmth in the slow movement, but the drive and droup surhut the drive and rigour sur-rounding it were spectacularly

successful.

Both symphonies had been prefaced by concertos: Sholti parinered Alfred Brendel in Beethoven's Emperor, Berglund the young Joseph Swansen in Sibelius's violin concerto. For all the fluency and flare of Brendel on top form, the young violinist's strangely deliberate playing was more compelling: he chose moderate speeds and observed every datail. It was in effect a performance studiously lacking in open virtuosity, but one that nevertheless seemed to bring the concerto rather closer to the spirit of Sihellus's symphonic music than it often oppeared to he.

Arditti Quartet/Almeida Theatre

David Murray

This Sunday afternoon con-cert concluded the "Mahler, Vienna & the 20th Century" festival with the most sophisti-cated Berg and the most primitive Mahler, in the letter's A minor Piano Quartet (a single movement from 1876) the single movement from 1876) the cut of the meture composer's material can be discerned easily enough, hut it is very baldly set out. There were signs thet the Arditti Quartet, with the planist Vovka Ashkenazy, had been careful not to spoil its naive passion by over-rehearsal

Alhan Berg was introduced here by his Four Pieces op 5 for clarinet and piano. Ashkenazy was a scrupulous and imaginative accompanist for Andrew Marriner's clarinet, which whispered and soared exquisitely. I do not remember a performance of these elusive miniatures so imbued with precise feeling: so much was con-

scale. The Arditti's account of the Lyric Suite sounded like work example — were uncannily in progress—but work of a very vivid. This performance should

cise feeling: so much was conveyed, no less in the sharp anxieties of the later pieces than in the introverted mur-

somebody's fingerhold on the highest ledger-lines slipped. The highest ledger-lines slipped. The second tempo in the Andente amoroso had too little forward urge; the "Trio ecstatico" missed Its full silken sweep, and thera were traces of worried caution in the Allegro misferioso on either side of It. The most confiding passages in the second and fourth movements wanted more lyricel authority. ments wanted more lyricel authority.

Such points could be remarked, however, only because the high ambitions of the Arditti reading were so often realised. Each solo voice often realised. Each sold voice offered potent insights in meny passages (especially Rohan de Saram's cello, which stong shapes in places where most cellists are only too pleased to manage the notes); in fact, Berg's sedulously indicated "leading voices" were kept in relief with uncommon sample places, but never just by faithfulness, hut never just hy suppressing the others. The murs of the earlier ones, as to toughest polyphony was drama-helie their chronometrical tically argued, and some of tically argued, and some of Berg's most outre effects — the "tenebroso" of the Presto, for

high order. Now and again mature superbly. A Village Romeo and Juliet

Andrew Clark

corded reportoire is hlossoming and since 1980 there have been and since 1980 there have been scene had more than its falr no fewer than five new stagings share of standard operation of Delius's ripest opera, A Vil-

Düsseldorf. As usual, those who bave already been converted to the Delius fold will have no diffi-Delius fold will have no chil-culty luxuriating in the world-of dreamy rapture that be creates; hut with other recent performances still fresh in the memory, the new production by the Deutsche Oper am Rhein Is up against stiff competition, and I doubt if anyone coming to the work for the first time would have been swept away quite as easily as by the last two productions on German-speaking territory, at Zürich

and Darmstadt. Those who recall how the company handled the Goehr première earlier this year will be relieved to know that the same producer, Bohumil Her-lischke, has not done another scissors joh on the Delius. None-the-less, although Romco und Julia auf dem Dorfe, as the German-language version is called, is played in full, with a large orchestra and a good

cast, there is a distinct impression of unfulfilled potential.

The production looked lowbudget and for much of the evening lacked the flair of presentation that transports the imagination beyond the four corners of the stage. The rudi-mentary decor for the first four scenes, with a painted back-drop of very un-Alphne hills, had lost the sense of proportion suggested in Ruodl Barth's original designs (which were exhibited in the foyer), and failed to Identify the wild land at the heart of the family dispute. The amplification through the house address system of the opening exchanges On the dehil side, the conduc-of Marti and Manz and of the tor. Christien Thielemann, is wedding chorus was unneces-

sary and intrusive. Another dubious decision was to make do with the two more gentle and high-pitched do?") need more subtlety voices and pre-adolescent man- phrasing

Delius lovers, that inscrutable nerisms of younger soloists, and unshakahle fraternity, have which are essential if the never had it so good. The rescene is to be mede. pusturing, much of it uncomlage Romeo and Juliet, tho fortably ststic, and the latest being the opening production of the season at lovers kneeling in silhouette beneath a suspended altar

table. was strangely earth-bound. The last two scenes, however, went a long wey towards compensating for the earlier dryness. Barth's set retained its nnpretentious simplicity hut the flickering withdrawal of the fairground and the mirage the fairground and the mirage of hine-grey moonlight et the Paradise Garden was theatrical impressionism at its most captivating. The fair was well animated, and there was a sense of contaminating earthings. ness about the vagebonds, who were excellent vocally and

dramatically
As in Zürich, Vrenchen was sung by Ursule Reinhardt-Kiss, an attractive soprano who has the right physical and vocel proportions for the role, but who looked and sounded less involved here. The Sali, Zachos Terzakis, was elso well-cast: his youthful, evenly produced lyric tenor shows considerable promise. The individual performance. ance I enjoyed most was the Dark Fiddler of Wicus Slabbert; the voice is of solid Wagnerian haritone proportion, and his suggestion of casual interest in the fated pair was helpful in preserving the character's

The orchestral contribution was crisp and polished: it was a pleasure to pick out so much detail within the broeder haze Delius's instrumental palette, to glimpse the balfhidden meandering woodwind snd hrass lives in the interludes and appreciste once again the virility of the string writing and the sheer symphonic largesse of the score. On the dehil side, the conducperhaps still too young to know when to linger that little bit longer hefore giving the upheat: the musical sceneadult principals for Sali and Vrenchen in the opening scene. There is no substitute for the Four (from "What will you

Death of a Salesman/Royal Exchange, Manchester

Charlotte Keatley



Carmen Rodriguez and Trevor Peacock

The play which Arthur Miller all—for which, as the play nurginally called The Inside of is Head is given pertinent intensity by being staged in the morals contensity by being staged in the sold out their morals contensity by being staged in the sold out their morals contensity by being staged in the sold out their morals contensity by being staged in the sold out their morals contensity. originally called The Inside of originally called The Inside of his Head is given pertinent intensity by being staged in the round at Manchester's Royal Exchange Theatre. The naturalistic backdrop of apartment blocks overshadowing the Lomans' home with "hricks and windows, windows and hricks" is replaced by huge hillboards in Lauri Dennett's symbolic dein Lauri Dennett's symbolic de-sign. Hung on the circular galleries of the theetre, the flashing neon signs impinge on the andience's consciousness as well as encompassing Willie Loman's life, past end present, with symbols of America's materialistic Dream. For interior scenes a folksy pine styla of chairs and bedsteads neatly

work that, contrary to super-ficial appearance, it is not con-

Miller opens his play at crisis
Trevor Peacock conveys wistpoint: 60-yeer-old Willie returns
ful decline from his first steps: from a failed trip, late et night, in such a state of psychosis thet turned home: eldest son and a catalyst to Willie's Internal adbravado stealing and sporting competitiveness has made him unemployable in an office career. So the play is a personal

Willie has spent his life trying to cultivate in the bostile terri-

tory of a Brooklyn salesman's

heve sold out their morals con-cerning women and money.

Gregory Hersov's production hrings the Willle-Biff relation-ship to the fore: Treyor-Peacock is at his most tender and con-vincing, when playing football with his sons in the idyll of flashback. And whether deliberate or not, casting presents Biff as the most assured of the brothers; Rory Edwards gives such an admirably intelligent performance that it is hard to believe that be has been off the rails or needs time to "tind hit self." Colum Convey plays the gragarious Happy with a chirpy gancheness which hetrays the character's vacuaus morality too early on. Avril Elgar manage invest dignity in the mother. Linda, who is landed with an unfair dose of sentimental

Trevor Peacock conveys wista momentary hesitancy in the hall of the foot suggesting his past heunts his present to indecision and lack of cons the extent thet we see end hear dence in a man who has it on stage. Biff has elso re-reached the age when he yearns for support from his family and workmates, not to mission of s failed life, because have his past defeats laid for Covent Garden, which is Willie's encouragement of Biff's painfully bare. But I missed a asking the Council for £13.9m. poignant performance which is essential because the way Miller created a modero bero out of an inconsegnential sales public tragedy of a family temp-ted and taunted by the Amerian inconsolable awareness of can Dream of opportunity for his own compromised life.

Prospects 'bleak' for Royal Opera House

Unless there is an increase per cent audiences for opera Unless there is an increase in Arts Council funding of at least £1.2m for the Royal Opera for ballet. Covent Garden, in heen in great demand through-1986-87 the "prospects are out the world, and there were exceedingly bleak," according to Sir John Tooley, director the audience through edugeneral of Covent Garden. Speaking at the annual financial spress conference vesterday he Sponsorship could not make press conference yesterday he predicted a reduction in the number of performances from 500 to 300 a year, and substantial staff cuts, if the higher press conterence yesterday he predicted a reduction in the good Government subsidy: it mumber of performances from 500 to 300 a year, and substantial staff cuts, if the higher subsidy was not forthcoming.

After years of gloomy prognation that it could be raised beyond that it could be raised beyond dramatic changes in tax nostication the crisis seems to have arrived at the Opera House, After a rise in Arts Council aid of only 1.9 per cent in the current year, to £12.6m. shortfall this year of £700,000.

On top of this sum it will need an increase of around 5 per cent, or £600,000, next year to maintain lts plans. At the moment erts organisations anticipate hearing from the Arts Council in December that their subsidy can be raised hy only around 2-3 per cent. This would be quite inadequate Sir Claus Moser, chairman of Covent Gerden, went out of his way to contrast the effects of a low grant with the recent

success of the Opera House. In

highest for many years, with 92 Mexican earthquake.

radio hroadcasts.
Sponsorship could not make

Incentives In 1984-85 Covent Garden hed an income of £23.3m of which just under 50 per cent came

from its Arts Council grant. House receipts were 31.5 per cent of Income, the highest for four years, and touring receipts 4.4 per cent. Payroll costs were £13.14m Sir John drew attention to the rising costs of new productions

which were now in the £250,000-£300,000 bracket. Der Rosen karalier had cost £271,000 mount hut, surprisingly, the most expensive production in 1984-85 was a ballet, The Nutcracker, which cost £298,000. The Opera House currently fecs problems with its forthcoming production of Otello, planned for January. Its star attraction, Placido Domlingo, wants to extract himself from 1984-85, the year under review, ettendances had been the his contract in order to raise money for victims of the

Arts Guide

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Royal Opera, Covent Garden: Il Trova-tore, in the now-ancient Visconti production, serves as a vehicle for the first London Leonora and Di La-na of Elizabeth Connell and Wolfie gang Brendel, both accomplished but not quite complete Verdians; José Carreras and Elena Obrazisova complete the cast and Chrance Pacomplete the cast, and Ghuseppe Pa-tane conducts (249 1966).

English National Opera, Coliseum: Or-pheus in the Underworld, the some-what uncertain Offenbach collabor-

what intertain Orientain on anor-stion by David Pountiney and Ger-ald Scarle, returns for a further set of performances with a largely new cast. Also in the repertory; the new production of Faust, and the gen-erally admirable revivals of Don Carlos and Risoletto (1893.1181) Carlos and Rigoletto. (836 181).
Reyal Opera House: The Royal Sallet
repertoire includes The Two Pigeons, Sleeping Beauty and a triple
bill with David Bintley's The Sons of

Horts. Northern Ballet Theatre with a new Othello followed by Budolf Nureyev as guest in Birgit Cullberg's Miss Julie as part of e triple bill on Thursday. (5809562).

PARIS

Lilac Garden - Soirce Antony Tudor: Lilac Garden to music by Ernest Chausson, continuo, music by Jo-bann Pachelbal: Dark Elegies to Gustav Mahler's music, all three in Antony Tudor's choreography. Concerto Barocco by J.S. Bach to George Balanchine's choreography. Opera Comique (296 0611).

Conducted by William Christie, producted by William Christie, produced by Pier-Luigi Pizzi, Les Arts Florissants, Paris Sorbonne's Choir. The Venice Fenice production production, serves as a vehicle for the first London Leonora and Di Lana of Elizabeth Connell and Wolfgang Brendel, both accomplished but not quite complete Verdians;

Cirque Royale (2182015): Tales of Hoffman by Offenbach conducted by Sylvain Cambreling with Stuart Burrows, Jose Van Dam, Rita Gorr.

WEST GERMANY Berlin, Deutsche Oper. There will be two Wagner operas this week: Die Walküre and Siegfried. The Götz Friedrich productions bring togeth-er Simon Estes, Reme Kollo, Katari-na Ligendza and Julia Varady. Mad-ame Butterfly has Yoko Nomura ex-celling in the title role. Also offered, Cori for hitte and Der Radion res Cosi fan tutte and Der Barbier von Sevilla. (34381).

Sevilla. (34.501.)
tutigari, Württembergische Staatstheatre: Otello, featuring Gehriela
Benackwa, Bernd Weikl and Vladimir Atlantow. Philip Giass' opera
Echnaton, composed for the Stuti-Echnaton, composed for the Stutt-gart Opera, is an Achim Freyer pro-duction. Counter tenor Paul Ess-wood is outstanding in a cast of high standard. Cav and Pag is respec-table with Waltrand Meier, Carmeo Mammoser and Michael Austin 20 221

Florence: Teatro Comunale: Ballo in Maschera conducted by Gianandrea Gavazzani. Luciano Pavarotti leads

tion, with Piero Cappuccilli, Maria Chiara, Patricla Payne and Patricia Pace. Scenery and costumes by Giu-seppe Crisolini Mainfesta (2779238). Venice: Gran Testro in Fenice: Così Fan Tutte in Luca Ronconi's produc conducted by Peter Maag.

NETHERLANDS, BRUSSELS

Netherlands Opera production of Tchaikovsky's Pique Dame (in Rus-sian) directed by Devid Pountney. The Netherlands Philharmonic un-der Edo de Waart, with two choirs and members of the National Ballet. Cast headed by Jan Blinkhof, Henk Smit, Elaine Bonazzi and Helena Doese Tue in Hench Stadts. Doese. Tue in Uirecht, Stadts-schouwburg (310241). (Thur) Am-sterdam. Stadsschouwburg

schowburg (310241). (Thur) Am-sterdam. Stadsschouwburg (242311).

The National Ballet on four with a Bal-anchine programme: Concerto Bar-occo, Mosumemtum pro Gesualdo, Movements for piano and orchestra. Tchaikovsky pas-de-deux, and Sym-phony in C. Tue in Tilburg, Stadts-schouwburg (432220). Wed Leeu-warden, De Harmonie (132225), and Thur Scheveningen. Circus Theaire

Madrid Autumn Festival: Pina Bausch Tanzibeate: of Wuppertal with pre-mier in Spain of Cate Muller. Teatro de La Zarzuela, Jovellandos 4. (Tue, Wed). (4298216). Also Dance The of Harlem Serenade choreographies Tetley and Fire Bird by John Taras (Tue, Wed): Troy Game by Robert North, Le Corsair by Karel Shook, Streetcar Named Desire by Valerie Bettis and Four Tempera

Balanchine. (Thur, Fri). Palacio de Exposiciones y Congresos, Paseo de la Castellana. (4558383).

Metropolitan Opera (Opera House): The week features the season's first performance of Porgy & Bess, conperformance of Forgy & Hess, con-ducted by James Levine, with Ro-berta Alexander. Neeme Jarvi con-ducts the August Everding's produc-tion of Khovanshchina, with Natalia Rom as Emma, Florence Quivar as Maria and Wieslaw Ochman as Prince Golitsyn. Lincoln Center (552,800)

The Feld Ballet (Joyce): Choreographer Eliot Feld puts his company through a variety of paces including the world premieres of Aurore I and Medium Rave. Ends Nov 3, 8th Av. at 19th St. (2420800).

Lyric Opera (Civic Opera House): The 31st season begins with Otello star-ring Margaret Price, William Johns and Sherrill Milnes, conducted by Bruno Bartoletti and staged by Anonello Madau Diaz. The season also has in repertory Medame Butterfly with Anna Tomowa-Sintow in the ti-tle role conducted by Miguel Gomez Martinez, as well as Samson, Anna Bolena, La Traviata, I Capuleti e I Montacchi, Die Meistersinger and La Rondine (3322244)

TOKYO

Maurice Béjart 20th Century Ballet: Wien, Wien, Nur du Allein, Kani Ho-ken Hall. (Wed, Thur). (7232356). Japanese Court Music and Dance (Gagaku): National Theatre (Wed). (2657411).

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY Telegrams: Finantimo, London PS4. Telex: 8954871 Telephone: 01-248 8000

Tuesday October 29 1985

Welcome move in Japan

expect accolades when they precipitate a collapse of their domestic bond prices and send ripples of confusion, bordering at times on panic, into the debt and money markets of all their trading partners throughout the world. This is precisely what the Bank of Japan has been doing with its destabilis-ing interventions in the Tokyo ing interventions in the Tokyo bond and money markets since last Friday. Yet, contrary to custom, the bank deserves con-gratulations from anybody concerned about the long-term balance of the world economy or even the narrower interests of Japan itself.

of Japan itself.

The most immediate result of the last few days' turmoil—which hit Tokyo hond prices by more than four points on Friday and pushed one-month Japanese interest rates to their highest level for three years—has been to remind investors and politicians around the more of a few home truths.

world of a few home truths.
At the simplest level,
Japanese investment institutions and politicians alike have
been reminded that there is no such thing as a free lunch. In the last few weeks, e dangerous smugness had been gradually taking bold in Japan and else-where about the currency inter-vention agreement reached in September by the Group of Five leading finance ministers. The politicians seem to have felt the currency interven-

felt that the currency interven-tion had attained its immediate objectives of pushing down the dollar and defusing the protec-tionist time-bomb in Washington. This served to increase confidence in U.S. economic prospects, while dimishing the pressures for fundamental hanges in the Japanese macro-

economic stance. On the other hand, the very satisfaction among the politi-cians with the results achieved so far encouraged investors to assume that the dollar would not fall much further. Gradually, fears of the sort of unsettling policy changes which might have been required to keep the dollar headed firmly downward began to evaporate. The result was a sharp upswing in the Japanese bond market, which had previously been subdued by the fear that Japanese interest rates would have to be interest rates would have to be seem likely in the near future-raised to strengthen the yen. But no one should blame the Meanwhile, the incorrigible Bank of Japan.

CENTRAL bankers can hardly dollar bulls in Japan and els where were beginning to raise their heads above the parapet

> What the Bank of Japan has now done is to let the markets know through its actions that the G5 agreement does involve fundamental economic changes. At the same time it has effectively served notice on politi-

"unsterilised" intervention to push the dollar down and keep it there. The policy implica-

If the authorities are willing to accept the costs of these policies — in terms of heightponcies—in terms or neight-ened inflationary expectations in America and dampened domestic growth in Japan— there is every reason to suppose that the campaign to bring the dollar down will continue to be successful. It is to be hoped that they will be willing to accept such costs because the re-establishment of some semblance of balance between America and Japan must now rank as one of the world's top economic priorities.

In a rational world, however there would be no need for Japan to sacrifice domestic growth or for the Fed to jeopardise its achivements against inflation. The U.S. would cut its budget deficit sufficiently to offset the inflation. sufficiently to offset the infla-tionary effects of looser mone-tary policy. Just as important, the Japanese Government would urgently expand its budget de-ficit to provide a much-needed boost for Japan's domestic de-mand. Unfortunately, in the irrational world of fiscal policy-making in both America and making in both America and Japan, neither of these changes

powerfully than the ripple of unease which spread through world bond markets following last week's slump in Tokyo gov-ernment securities. In London and New York,

bond dealers watched with dismay as the fall in Tokyo sparked worries that the bonanza of Japanese buying which has kept international markets going for more than a year, could suddenly dry up as a result of Japanese than a year, could suddenly dry up as a re-sult of losses at home.

TOTHING illustrates the

financial muscla of

Japanese investors more

Japanese investors are now such big players that they are widely recognised to be the driving force behind the \$100hn a year Eurobond market and powerful players in the much larger U.S. government bond market itself. By the end of August, Japan's

net foreign assets abroad totalled some \$84bn. The totalled some \$1400. The country now vies with Saudi Arabia for the position of the world's largest creditor.

And just as Saudi Arabia came to depend on the health tively served notice on politicians on both sides of the Pacific that these fundamental changes could hurt, especially if they are left to the monetary authorities alone.

Intervention is painless only if it is unsupported by any monetary changes — the process known in economic jargon as "-sterilised" intervention. The recent actions in Tokyo suggest that Japan, at least, is willing to go further and use "unsterilised" intervention to push the dollar down and keep draw in their horns after their

"unsterilised" intervention to push the doilar down and keep it there. The policy implications could be momentous. Unsterilised intervention either means a tightening of money in Japan, a loosening in the U.S. or, most likely, a combination of both.

If the authorities are willing to accept the costs of these policies — in terms of heightclients at home.

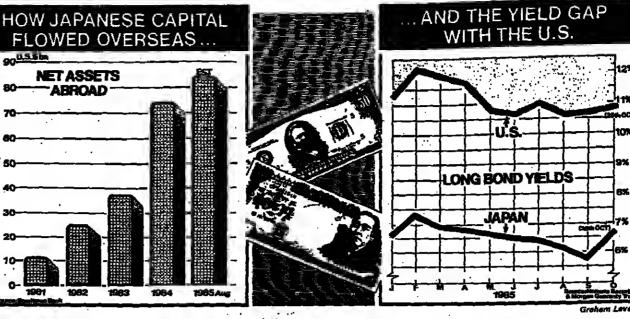
> the outflow into foreign bond markets drying up. "There is no escape," says about Mr Nobomitsu Kagami of July's Nomura Investment Manage Octobe ment Company. A high savings rate, coupled with a shortage of good domestic investment oppor-tunities and the country's yawning balance of payments surplus, has condemned Japan to its role of massive capital exporter for

ment climate more volatile, there seems little likelihood of

the foreseeable future.

Until last week investors also had a clear underlying rationale for buying foreign bonds. Then there was a five percentage point yield differential between A NUDGE FOR THE MARKET, NOT A MAJOR POLICY SHIFT

JAPAN'S BOND MARKET PROBLEMS



A growing dilemma for the world's biggest creditor

By Peter Montagnon, Euromarkets Correspondent

At least that is the argument

But though the events of the past week have made the investment climate more volatile, investments in foreign bonds this month after net outflows in August and September dropped of confidence. By refusing to used by some foreign bond the total accommodate a shortage in the salesman in offloading their currency local short-term money market wares on unsuspecting smaller against

further currency losses.

All this comes against a background of repeated official warnings from Ministry of Finance officials about the dangers run by Japanese residents who buy foreign bonds. successively to \$4.47bn and dangers run by Japanese resi-about \$3bn successively from dents who buy foreign bonds. July's record of \$8.45bn. Mr Toyoo Gyohten, Director October's total is expected to General of the Ministry's Inter-

it has driven short-term yen individual investors and corrates sharply higher. That in porations.

turn has spilled over into other markets, driving the yen higher said, was the need to ensure turn has spilled over into other markets, driving the yen higher. At the back of his mind, he markets, driving the yen higher. That result is that the arguments in favour of investing abroad have lost at least some current account balances of

of their appeal for the time payments surplus. That would feel locked into the U.S. being. With Japanese govern-serve to weaken the yen and government securities market, ment bonds yesterday yielding could undermine the advantage of the staid Noring fact that the interest diftages gained through Septem-chukin agricultural co-operament bonds yesterday yielding 6.61 per cent, the interest differential against tha U.S. has ber's agreement by the Group narrowed and the rise in the of Five laading industrial yen has highlighted the risk of nations to intervene more actively to depress the dollar markets. in exchange markets.

Already by last week the prevailing view in the Tokyo

investment community was that the G-5 agreement might bave already produced just about the maximum effect possible. The yen is felt to be stabilised in a ranga between 210 and 220 At a stroke, however, the Bank of Japan has done much to undermine this cosy feeling of confidence. By refusing to accommodate a shortage in the stroke in a range between 210 and 220 to the dollar, offering investors of confidence. By refusing to accommodate a shortage in the strong bond the total accommodate a shortage in the strong bond the total accommodate as shortage in the strong bond the total accommodate as shortage in the strong bond the total accommodate as shortage in the strong bond accommodate as shortage in the strong bon currency purchases to protect against a further dollar

Even at the staid Norra-chukin agricultural co-opera-tive, hank dealers babitually stay up until one or two in the morning to trade U.S. govern-ment honds. Some estimates put Japanese purchases of such paper at more than one third of all foreign money flowing into the U.S. market. Put another way, says Mr Kenchiki another way, says Mr Kenchiki Yagi of Bache Securities (Japan), this means Japanese investors snap up some 10 per cent of all new medium and long-term U.S. government issues and perhaps 15 per cent of the longest 25 to 30 year

Two or threa years ago when the Japanese started to become decline

However, this also masks the tacit admission that most investors have no choice. The cash at their disposal is so large and tha markets that can take it so few, many simply

The Japanese started to become massive buyers of international bonds, the market was dominated by insurance companies and pension funds which are restricted by the large and tha markets that can take it so few, many simply

10 per cent of their tone assets. With the exception of the Post Office Life Insurance Bureau, still a potentially home investor, most of those trailing rutions are at or near their limit. Daiwa Securities calculates that on average inche ance companies already have 8.81 per cent of their agents securities.

That means new invests from institutions have the from institutions have agreed down to a pace commenced with their steady 15 to 20 per cent annual growth in total assets. Instead, continue treasurers now dominate the

market, taking by some said mates as much as 40 per and of all foreign currency bear sold into Japan.
Many of these, ranging from Nippon Steel to the trading concern Nissho Iwal, are now set. ting up investment units in London to monitor their invest-London to monitor their investment activity. The muscle of
these investors is illustrated by
Toyotz Motor Company, which
manages the equivalent of
\$6.50n in liquid cash end insides
Y100bn a year profit on its
foreign financial investments.

This is the world of what
Japan now calls "aitet" or
making money with money. It is
a natural one for corporations
bereft of investment opportunties in Japan's sluggish econ.
So far these investors have
grown to regard the U.S. gov.

grown to regard the U.S. government bond market as offer ernment bond market as offering a good rate of return even after currency risks heve been bedged. For the time being other markets are less attractive because they are less liquid, offer lower yields or, as is currently the case with sterling, carry a flat to negative yield curve, meaning that they yield curve, meaning that they yield curve, meaning that short-term rates are higher than

long-term. One theory is that higher short-term rates in Tokyo could now offset the appeal of the U.S. market, especially since rates paid on larger deposits of more than Yihn were liberalised at the start of the month. For the longer run, however, that will not get round the fundamental need for Japan to invest abroad so long as its savings rate is high and its balance of payments is in surplus. Given that a way has to be

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inger Livid

found to moderate excessiva capital outflow, tha best route, bankers say, is to keep investors running scared. After all nothing should give even the most innocent of investors greater pause for thought than awareness of the fact that the risk of currency losses abroad is now compounded by higher

Reforming air fares in Europe

A TRULY competitive European elements of the UK's recent civil aviation industry remains pacts with the Netherlands, a distant prospect. But the Belgium and Luxembourg could omens for some limited liberalisation have rarely been as favourable. Last week Mr Stanley Clinton Davis, the Transport Commissioner Brussels, poured scorn on the very cautious proposals for reform put forward by Euro-pean scheduled airlines which are now under discussion at the International Air Transport Associetion's annual meeting in

The scheduled airlines' proposals are a response to tha European Commission's memorandum on civil aviation of March 1984. This bad argued that while U.S. style deregulation was unthinkable in Europe, the bilateral agreements between governments which determine both the price and quantity of scheduled services could be made less restrictive. In particular, the Commission suggested that countries should suggested that countries should not insist on a rigid 50 per cent share of air traffic hetween member states, hut instead be content with a "safety net" of a guaranteed 25 per cent share. The Commission was much less adventurous on airlines pricing policies. It suggested the establishment of reference tariffs and "zones of reason-

the estationment of reservices tariffs and "zones of reasonableness" — pricing ranges within which airlines could establish tariffs freely.

Traffic split

The scheduled airlines' proposals — issued under the aegis of the Association of European Airlines—have been poorly received in Brussels. This is partly because they fail to measure up to the Commission's 1984 arguments. The "safety net" capacity proposal has been rejected: the airlines are prepared to offer only the standard 50:50 arrangement. And although the AEA proposals take up the idea of tariff zones, they do not offer much hope of cheaper fares: British Airways points out that 50 out of 52 if its cheap European fares are already below the lower limit of the proposed

"deep discount" zones.
Perhaps more important, the
airlines' bluesprint fails to recognise that the debate bas been impressed by the series of liberal air service agreements since negotiated by the UK. When EEC Transport Ministers it should remain immune from meet on November 14, the key competitive pressures.

pacts with the Netherlands, Belgium and Luxembourg could be considered as the basis for

an overhaul of air transport regulation in Europe.
Such a regime would involve the adoption throughout Europe of a "double disapproval" pricing mechanism; in other words, airlines fixing between two airlines flying between two countries could adopt any tariff they wanted provided it was not rejected by both the governments concerned. Under such a scheme, the French government could not, for example prevent BA offering a low scheduled fare to Paris unless the UK government also agreed it was unacceptable.

It would also require the "multi-designation" of airlines and "open-route" schedules. These two conditions would ensure that the prime scheduled services were not reserved solely for national flag airlines (several airlines from each country would be allowed to compete on all the main routes) and that airlines could fly from any point in one country to any point in the other. The pack-

any point in one country to any point in the other. The package would also require an agreement on capacity: either that airlines could offer however many seats they saw fit or some variant of the Commission's safety net proposal.

It is no use pretending that these modest reforms, while falling short of full-blooded deregulation and receiving a full-blooded deregulation fairly sympathatic hearing at the Commission, will win majority support within the EEC in the short run. It is by no means certain even that countries such as the Netherlands, which are signatories to liberal pacts with the UK, will staunchly support the Europe-wide adoption of such principles and virtually certain that countries such as France and Italy will strongly are prepared to offer only France and Italy will strongly a 45: 55 traffic split in place of favour the Inta/AEA line. Yet EEC members states have a duty to look after the interests of consumers and to see that both the letter and spirit of the Treaty of Rome is

enforced. In December, the European Court of Justice is expected to rule on whether the treaty's competition laws apply to civil aviation. If it says yes, the countries in favour of the status one will be not in of the status quo will be put in a difficult position. But even if cognise that the depart and another the answer is no, the onus was moved on in the past 18 months, the answer is no, the onus was civil servants in Brussels have be on those in favour of today's cartelised system to explain the car why air transport is different from other businesses and why

If THE British gilts market down in the Western economies element is potentially signicated of 46 per cent growth for budgetary policy. There is and, for some players, even gets feverish, the real economy and from Japan's apparent ficant, but the major deterrent the 1985-86 fiscal pear, ending simply no evidence yet that the cataclysmic, consequences, shivering as well, instillity in the 1980s to stimulate to construction, investment in March, is the best that can Ministry of Finance, which the received the purse strings, is in days show that the monetary

happen in Japan because, at least on paper; the structures with the supply or price of are not dissimilar. But in practice, in the Japanese economy, the connections are much less savings rate of approximately casily made—unless, as few, if any, believe, the monetary authorities are determined substantially to narrow interest rate differentials with the U.S. and keep them there in pursuit of a stronger yen.

There are doubt. gets feverish, the real economy starts shivering as well. Theoretically the same could happen in Japan because, at

Japan's economic performance, produced earlier this month by hut they are, in the first place, the Government as the Government is not especially interest rate sensitive. Most of it involves bringing forward already planned public works and private utility investments. The housing the summer salary bonus spurt has not lasted.

With exports moderating, it in Japan today is also manipulate the first of the most part, accepts as inevitable.

The divorce of the money markets from the real economy investments. The housing the control of the most part, accepts as inevitable.

Japan is less the prevanting rate of land if there is a longer termined (roughly 10 times that in concern about the competitiveness of Japanese industry, it centres, properly, on the yendomestic demand is finally beginning to pick up. This is based in part on the figures for the second quarter of the year (electronics, consumer goods, (April-June) which saw the cars) that Y240 and below did external and internal component parts of an 8 per cent cloaked, a higher yen is now annualised expansion rate government policy, which roughly in balance. The latest industry knows full well, and, partial evidence for the third for the most part, accepts as

the process of tightening, losening or officerwise ligging with the ausiere numbers it has had on its desks for months: now, MOF has a vast \$600bn debt refinancing problem on its hands; but it is worth remembering it had no real difficulties in its debt operations when interest rates were above today's levels.

events of the money markets are somehow apart. The process of financial liberalisation, bringing with it new markets such as bond futures, is generating its own curious

days show that the monetary authorities, who are as new to this game as some of its participants; but who are backed critically, by other Western governments, -themselves discovered

deliberate nudge, consistent with Japan's underlying foreign In sum, a liquid economy exchange and trade policy. But with high corporate profits shifting the Japanese economy means that the exceptional off its course is another matter off its course is another matter entirely. In this sense, Japan is not yet Britain or the U.S.

Jurek Martin in Tokyo

Morton's own arrow

Guinness Peat, Alastair Morton has been called many things: abrasive being among the more printable. But even his sternes critics have begun to show him respect for hauling the stricken financial services group back from very stormy waters in

relativa and, in the second, divorced from the money mar-

kets. They stem from threats to Japanese exports from protec-tion, a possible economic slow-

day for Britannia Arrow is typical of his style. It is bold, even checky (Britannia is hig-ger than GP), and if it succeeds should place him at the top of one of Britain's bigger financial conglomerates.

That would mark yet another twist to an already well-packed career for this 47-year-old. He began lifa in mining, then

moved to the World Bank, Next moved to the World Bank. Next came a spell at the Industrial Reorganisation Corporation before he moved into financial services at the Drayton Group. In 1976 he became the first managing director of BNOC, only to quit in 1980 after a difference of views with Mrs Thatcher.

After briefly working as an energy consultant he was energy consultant, he was called in to sort out Guinness Peat in 1982, which he did with



Men and Matters

vigour, and a cool head for figures. From a low point of formal meeting between houself £25m in June that year, GP's and Holmes à Court the subject market valuation has risen to £135m today.

Should his BA bid succeed.

the City will be watching to see whether Morton also has the skills to weld together a "people" business. But he sees his job as "keeper

of the balance sheet," worrying about capital and strategy. "I'm not a banker or a deal-maker or an insurance broker," he says.

Screen politics

In most countries it would take more than the combined efforts of two businessmen to change government. But the allegation being made in the state of Western Australia is that one of its tycoons, Robert Holmes à Court, said be

and fellow entrepreneur Alan Bond could do it together. Holmes à Court has denied it and has issued a writ for libel against Bond, together with two other writs naming the premier of Western Australia, Brian Burke, and one of his advisers, Darcy Farrell.

The legal moves came after Burke appeared as a witness yesterday at a hearing of the Australian Broadcasting Tribunal. While giving evidence be confirmed allegations of Bond warning him that Holmes à Court had threetened to bring down the government.

The bearing is to decide whether Perth should have a third television station. Bond owns one of the existing two stations and Holmes à Court the other. Both men oppose the prospect of a new competitor. Farrell is chairman of the prime contending group for a band-made model of the globe."
new licence, as well as being a Now, that is what ambition can

Bond claims that at an inof the third licence came up and they agreed that the govern-ment should be made aware that they were not happy. Holmes à Court denies that any such conversation took place. The three defendants have said they will contest the

World view

libel action vigorously.

The latest annual report from Industrial Equity, the thrusting Sydney-hased investment company headed by New Zealander. Ron Brierley, has a little more depth to it than most That, at least, is the way it appears from the cover-it incorporate. the cover—it incorporates a hologram in which a three-dimensional IEL logo curves out into space from the eastern edge of tha Australian continent. Tha shimmering

Tha shimmering silvery image is, says Brierley, "a world first in specially designed annual report application."
But this is evidently not its only claim to fame. The astronant's-eye view of the South Pacific shows Australia surrounded by vast stretches of water, and numerous islands to the north, but the country of Brierley's birth seems to have fallen off the face of the planet. Kiwis may rest assured that not only does the place still exist, but that Brierley Investments, his master company there, remains near the top of the Wellington Stock Exchange capitalisation league. status to the British Hedgehog

Two sides

James White might be excused on identity crisis. The 47-year-old Scottish chartered accountant is managing director of Bunzl, the paper, plastics and distribution group, which has concluded a £96m agreed bid for United Parcels.

He is also the non-executive chairman of United Parcels and, in his own words, "an unusually active one" — partly because he lives near Harp-enden, just 40 minutes along the M1 from UP's Welling-borough headquarters.

White, inonically, is credited with boosting UP's image in the City since he took over the part-time job earlier this year. In the process, the share price bas nearly doubled—contrary to the interests of the new suitor, Bunzl, one might

One may not assume, says White. "It had to happen at fair price. I didn't want a bargain basement price which might have attracted other people."

White, formerly with the Lex Service Group, has been at Bunzl since 1981, and will be showing his full confidence in its management by taking its shares instead of cash for his own 10,000 Parcels' shares. An unavoidable display of selfbellet.

Points of order

Just how quick politicians can be in grasping a point, however prickly, was demonstrated in yesterday's House of Common order paper, Liberal MPs Clement Frend and Archia Kirk wood, have tabled a motion applauding the Charity Commis sioners for granting charitshie Clearly, though, this is nowhere near hig enough to satisfy Brierley. The report tells us that the hologram was made using "an actual size hand-made model of the globe."

Name that is what ambition can

Observer

Isn't it time you flew **BRYMON?** Heathrow to **Plymouth** in only 60 minutes. Heathrow and Newqua Gatwick and Plymouth EBS return 2 a day 3 a day £72 return E60 return Plymouth and Cork Plymouth and Channel Islands E90 return †Twin Otter Aircraft. *Reduced service on Saturdays and Sundays

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Letters to the Editor

Bad takeover decisions

From the General Monoger,

Trade Indemnity
Sir.—Your banking correspondent David Lascelles commented on October 25 about remented on October 20 anout remarks made by David Walker, the director of the Bank of England responsible for industrial matters and the securities markets, on the subject of take-

overs.

It is quite clear that bldders' financing techniques do indeed create difficulties. The most common financial problem, particularly when looking at ailing or failed companies, is that of gearing. When we see gearing imbalances allied to a lack of experience in the business being experience in the business being taken over, we know that there

prises ahead. We have seen many bad takeover decisions in the recent past and a few more where the "deal" has fallen through at the last minute. There is certainly a case for a public in-

Mr Walker's suggestions were interesting and theoretically belpful, but they might still be swamped by the tremendous power of media advertising. They certainly deserve support

12-34, Great Eastern Street, EC2

Pension fund holidays

From the Choirman,

surpluses. There seems how-ever to be very little constructive advice being profierred to management on this subject. The principal item that should be identified is real cost.

When a company operates a defined benefit pension plan the real cost depends on the benefits provided and is unaffected by the method of funding. The normal cost which emerges from the actuarial funding method and assumptions varies only infrequently when when the sectors change. It is only the factors change. It is only the factors change. It is only the balance between accrued and projected liabilities and the assets set aside to meet them which fluctuates.

Since the 1950s there has been a 2 per cent positive yield (investment yield over salary growth), for the 1970s there as a negative period, today the positive yields are unusually high due to a low level of inflation and high investment yields.
The unusual situation at present is producing surpluses both on accrued and projected formatted formatt

jected forecasts of liabilities. As a result of this situation many companies are taking contribution bolidays and inflating their profits artificially. The 39 Queen Anne Street, W1

terest concern but how does one persuade the majority of share-bolders to take a long term

bowever. D. L. Howson.

real cost, bowever, has not changed nor has the normal Crossley and Partners
Sir,—There is much comment
being given to pension fund cost. Hence any incurred gains or surpluses returned to the company via a contribution holi-day should be taken as a credit to a company's reserves after appropriate allowance for tax and the normal cost should con-

> If this attitude is not considered by UK companies profits will be increased only to fall in the future and the real cost of doing husiness will not be correctly reflected in company accounts.

tinue to be charged to profit and

accounts.

To avoid this situation management ahould obtain actuarial valuations designated for their purposes with full gain and loss analyses and financial forecasts. They will then be able to understand the nature of real costs and the definition of normal costs and manage their pension funds more professionally. This will render mandated controls unnecessary. If British management does not recognise these facts then, as has happened elsewhere in the world, the regulatory authorities will mandate con-trols. This will mean that the actuarial freedom currently

joyed will disappear and flexi-bility will be lost.

University links with industry

are a few nasty financial sur- From Professor Derek Smith, Sir. — Your second leader "University links with industry" (October 25) paid generous tribute to the efficiency of marketing of our university-industry services and the spinning off of British university companies "that trade in their own right". You estimate that our industrial research contract income is "running at about income is "running at about £32m a year" compared to a total budget of about £2bn, a figure of about 1.6 per cent. Even if, as some of us believe your estimate is now a little low, this can be compared with the higher figure for universi-nes in the U.S. which has been nes in the U.S. which has been said to lie somewhere between 5 per cent. As one who has spent the past fifteen years in and about university marketing, I should like to see our figure increase towards, bot not necessarily to exceed, the U.S. level, so as to make a more substantial contribution to our economic recovery.

economic recovery. Moreover, I cannot agree with your suggestion that such industrial activity at such a low level could ever constitute a evel could ever constitute a (Professor) Derek Smith, danger" through the elbow- 110, Frognal, NW3.

ing out of fundamental research and teaching. For one thing, in most well-run universities, the exploitation and mar-keting of "completed research" and aervices is carried out by aeparate units or companies, with a separate staff maintained

on a self-support hasis to avoid any competition for scarce research or teaching funds.

As for asking industry to "contribute anything other than a small fraction of the total," the university units and companies are not asking for any "contribution" whatsoever. They are offering expertise and facilities that industry needs and would otherwise bave to buy elsewhere, on a professionally managed basis at very competitive rates. The directors of these units, and I helleve the majority of their vice-chancel-lors and principals, recognise a responsibility to exploit to the full the industrial potential of our publicly-funded research base, and readers can be satis-fied that the now well-established arrangements to do this need not involve any risk to our precious seedcor

of white-owned shops.

Some

industries.

Manufacturers' short-term view

Sir,—It was gratifying to read your leading article (October 25) on university links with industry and the pitfalls of neglecting long-term basic research. In fact, industry could do a great deal more to support longer-term research, were it in a position to take a longer-term view itself. This, a longer-term view itseir. This, manifestly, manufacturing industry as a whole is unable to do. After the traumatic decline of the last five years, few manufacturers have the appetite to lok much beyond the next few balance sheets. But, given a more stable outlook,

there are many arrangements, well-tested abroad, which could

allow companies, large and small, to contributa to funding of longer-term search in the universities to their eventual benefit. One precondition for this would be much greater tax incentives for companies to take the longer

As you imply, until such conditions prevail, the Government bas a clear duty to ensure that the intellectual infra-structure, upon which future success depends, does not deteriorate any further. J. T. Evans. University of Newcastle upon Tyne, Haymarket Lane, Newcastle upon Tyne.



The future of Westland

From the General Secretary, Association of Professional, Executive, Clerical and Computer Staff

Sir,—As you state in various reports (October 23) a decision about the future of Westland Helicopters has to be taken very

urgently. Historically, the company has a close relationship with the MoD producing belicopters primarily for defence forces with some exports. When the decit sion to move into the civil market was taken with the version of the Lynx helicopter, in that context will we retain the company found it faced the same difficulties as had other defence - orientated companies seeking a rola in a civil market. The difficulties of the RB211, the problems on the south Clyde, each illustrate the problems of the change in a com-

At the same time the world belicopter market bas been changing. From dependence on the U.S. for designs, a position is emerging in which Ecrope will have the ability to produce belicopters for its own defence and civil industries, subject to the co-operation between the four major countries. The French and the Germans bave strong links and Westland and Augusto in Italy now have strong links on two major programmes for the future. From 1990 onwards there is a clear market which will be served by Westland and Augusta with helicopters designed in the case of the EH101 for both tha

defence and the civil market The problem is to sustain Westland in the period up to 1990 when the two major projects will reach completion. You report the attitude of certain Ministers as favouring the end-ing of a British-owned producer of future belicopters. This is typical of the approach that if there is a problem we should walk away from it. If Westland 22, Worple Road, SW19.

is taken over by an American company then the possibility of Britain playing a major role in future European helicopter decisions with our three major partners will be frustrated since they will not wish their indigenous industries to be eaten

There is therefore only one logical future for Westland. It should be linked with Augusta through share exchanges to create a joint company which will design and prodoce helicopters more efficiently than the a helicopter capacity in this country that will be responsive to European needs and one which can participate with our French and German allies in future developments.

Clearly that will need money put into the company by the British Government since Augusta has not got the financial muscle to dominate a joint company and to finance its development alone. . .

should be met in the short term by ordering the existing larger Commando belicopter. Subsequently the troop version of the EH101 should be ordered with the Westland W30 being used for lighter tasks. An early order for Commando belicopters should be given both for the benefit of the army which clearly needs a helicopter of that size and as a means of

Aid for small businesses

From Mr D. Granville-Jolly Sir,—The report by Christian Tyler (October 16) on the Lords Select Committee, urging action to revive manufacturing industry, illustrated the myopia the administration bas had for ernment" small manufacturers (and I mean 10 to 20 people) gible aid

which the Government boasts.
We received—damn all!
In spite of financial handicaps we have pulled ourselves from a perilously bad position, as a sub-contractor, to one where that products have added £70,000 to sure turnover in less. £80,000 to our turnover in less Pearson Street, Wollescote, than a year and tripled our sales Stourbridge, W. Midlands.

m by the Americans.

In addition, the Government whatever ois difficulties are arising from Trident and the Treasury, the Defence Secretary will have to order some more belicopters in the near future. Apex proposed to the Defence Secretary in April that the army requirement for the believed to the Defence Secretary in April that the army requirement for the believed to the secretary in April that the secretary i requirement for belicopters should be met in the short term that size and as a means of seeing the company through the dlp in its activities until 1990.

une administration bas had for the worth sea to try marketing in our near-neighbours of prises. Unless they are glamorous, high-tech, or bring political kudos in Illustrating belief from an up-to-date, caring government property and manufacturers. have littla or no chance of tan-

Eighteen months ago my firm designed and developed three steel products. To use common parlance we are "metal steel products. To use common parlance we are "metal basic hunch and slog. We were bashers." Nothing exotic: no micro-technology: just highly practical. We tried all the avenues for marketing season.

Directories don't help

will have to belp sustain West-land in the period until the Indian contract la finalised and, whatever bis difficulties are

ledger. All the attendant problems of stock funding, customer credit, production control and bandling the increases have been experienced. Now we are dipping a toe, tentatively, into tha North Sea to try marketing in our near-neighbours of

we could. The extra £20,000 we needed then would have meant the wbola project would have been that much earlier, that much surer, that much more likely to earn foreign currency.

Can one really think that their Lordships might be avenues for marketing finance and capital for more modern production facilities about listened to in time for small firms, like mine, to survive, which the Government boasts.

postal code will be delayed. I John Clements. am a good customer of the Post 48 Harvey Point, Office but none of the classified Fife Road, E16

From Mr J. Clements directories carries postal codes por do my phone books. Pray in April letters not bearing the mostal code will be delayed. I

The EEC and food surpluses

From Mr J. White. specialising in economic educa-tion I do wish someone would explain to me the workings of There is much talk about the explain to me the workings of the EEC mind in regard to its food surpluses.

It bas been my experience

It has been my experience that when a trader has a line that is selling badly be cuts that price and puts up the notice "Sale now on." "But no," says the EEC "that is all wrong. We must not sell our buge butter surplus to the peoples of the to the Soviet Union to resoure its depleted strategic reserve. We might sell some of it back to tha farmers who produced it provided they feed it to their street End, Canterbury, Kent.

So far as meat is concerned, Sir,—It may well he that the and its storage costs must be onmarch of the years has made buge (as for butter) the EEC me even more dumb-witted than directive is that no one can have I bad realised, but as the for-mer director of an organisation frozen until it becomes inedible, that. Presumably it is to be kept

poverty line and the inability of families below it to afford to buy sufficient food. So cut prices while the surpluses last? Brussels says "No."

The EEC attitude to its grain

mountain accums to be "Keep it in store. On no account let the starving and bungry millions of Africa get at it." All this seems countries that produced it, not to me to be the economics of even at Christmas as in past the mad-house but in the view years. We can and will sell it of the sleek well-fed bureanto the Soviet Union to restore crats of Brussels perhaps that is where I should be.

Let the borrower beware

From Mr N. Bowie Sir,—The announcement by the Kalifax Building Society that it had borrowed £15m on an index-linked basis for a fixed tarm of 35 years with the objec-

regions prices have sometimes unknown amount later is a moved above or below the rate dangerous thing for a bome of inflation.

of inflation.

It is not clear whether the doubt, a good bargain indexation is upwards only, but lenders. if so, borrowers should be N. W. Bowia. warned because history shows 1 Uplands Close, SW14.

that RPI figures do fall, indeed they have done so for a month or so in recent times. History also shows that to expect inflation, which started in about 1935, to continue for a further tarm of 35 years with the objective of passing on these loan funds on similar terms, plus a turn for itself, to individual be one of the longest periods of borrowers and home owners is a major cause for concern.

It is a fact that house prices and bouse rems do not move up or down evenly across the country. In recent years in real terms in many regions prices have fallen and in other regions prices have sometimes.

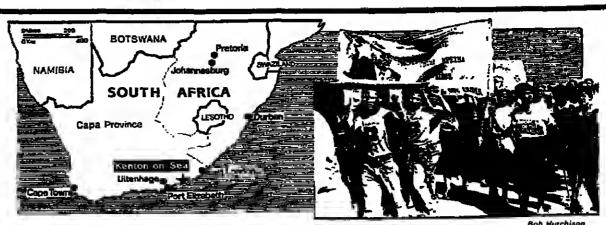
owner to undertake but, no denbt, a good bargain for the

Taxable cash offer

Sir,—I bave received an unsolicited circular from the chief executive of Elders IXI, relating the belief that, because returns to his shareholders shareholders support, resulting presumably from the Philip Naydler. exercise of those skills.

is asking us to accept a taxable an cash offer for our shares, rather the than offering a share exchange from his predator-company. Why should he and his shareof management and organisa-tional skills, his company can revitalisa Allied-Lyons, in which I am a shareholder. An en-closed brochure, inter alia, informs me of the outstanding and prova itself worthy of its In the circumstances, it is Primrose Way, extraordinary that Mr Elliott Bramley, Surrey.

Rhône Poulenc is established in m



The black consumer boycott

GRAHAM WARREN runs what used to be called, without any kind of embarrassment, a "Kaffirwinkel" — a tiny shop piled from floor to ceiling with hair straightener, face-whitener, cheap dresses, sweets, shoepolish, mealie-mesl, sugar and all the basic needs of tha local black community. An eye-opener for South black community. But few people in Kenton-on-Sea, in South Africs's eastern Cape province, nowadays would be so insensitive as to call Mr warren's shop a Kaffirwinker, or call its customers Kaffirs. Not since the end of May at least, when the 2,200 or so inhabitants of Kenton's black township decided to call attentions. Africa's whites

By Anthony Robinson in Johannesburg

township decided to call atten-tion to their grievances by organising a consumer boycott husiness community bas been brought face to face not only
with its vulnerability and
dependence on the black consumer hut also with its political
impotence to secure changes In so doing, they were follow-In so doing, they were following the example of dozens of other black townships attached to the small, isolated white country towns of the eastern Cape "Platteland" and the over-crowded, sprawling townships like New Brighton, Zwide or Kwanobuhle which aurround Port Elizabeth and Uitenhage. Desolta the imposition of tha from e Government whose repressive policies have for years been tolerated or ignored In Kenton-on-Sea when township dwellers turned up outside Port Elizabeth and Ulternage. Despita the imposition of that state of emergency on July 21, these consumer boycotts are continuing in many areas as over 400,000 blacks in this troubled province have found that withdrawal of their custom in the content of the custom in the content of the custom in the the local development board office at the end of May with a petition of grievances, the police dispersed the crowd with teargas and rounded up 108

It was then that Graham Warren first got involved by belping the families of those arrested to raise bail. Warren, who grew up "in a lonely mining town in the Transvaal tom is proving a powerful, if potentially dooble-edged weatraders in Port Elizabeth, where a boycott originally planned for eight where all my friends were black" is 100 per cent depenweeks is now in its fourth month, report that turnover is 80 per cent down. They fore-cast a wave of shop closures and bankruptcies for the new dent on black customers. " They ara my customers and I treat them with respect," be said. As a result, his shop was not hit year, adding a further down-ward twist to an economy already hard hit by recession in the local motor and allied by the boycott. Steve van der Merwe, a third generation Rhodeslan who

moved to Kenton five years ago "after 15 years experience of bush war," was not so fortunate. business have thus far met little response from boyrott For five weeks I never made more than R20 a day—my usual turnover is close to a R1,000," leaders. They argue that with black unemployment already he said. He did not know why around 55 per ceot, blacks are used to hardship while only he bad been aingled out. together with the local butcher whites have the vote and the political leverage to force the and the next door bottle store. Up in the township boycott Government to stop detentions without trial and army and leaders explained that the boyolice hrutality. failed to treat their Suddenly part of the white customers "like people."

black shoppers bave continued to patronise the four gents' outfitters owned by the Watson brothers. four rugby - playing, Christians. four bandsome

"Cheeky Watson" the eldest of the brothers, first ralsed eyebrowa elght years ago when the Springbok rugby star opted to play with a black rugby team. The brothers, who like many young whites grew up with black children, speak Xhosa, the predominant black language in the area, and have identified closely with black

Their stance bas not endeared them to the local endeared them to the local security police nor to many in the white business community facing bankruptcy while the Watson stores continue to do good business. Earlier this month the home of the Watsons' parents was doused in petrol and firebombed, badly injuring two black goards. The horthers are in no doubt that brothers are in no doubt that the bombing was the work of right-wing whites enjoying tacit protection from the local security hranch

The aim of the boycott, however, is to draw attention to the grievances of the black

community.
At Kenton they have succeeded beyond their most optimistic expectations. As Gladman Johannes, member of the seven-man hlack community committee, explained: "For the first time the white com-munity has taken an interest in our problems,'

Just how basic these problems are came as quite a shock to those members of the white community who partici-pated in a hastily set-up liaison committee. They discovered, that there was only one water that there was only one water tap for the estimated 2,200 inhabitants in the 27-year-old township and that the white municipal garbage tip was situated in the middle of Kenton. They also found out that there was no electricity, no postal service, no garbage disposal, no sewerage and no community centre in the township.

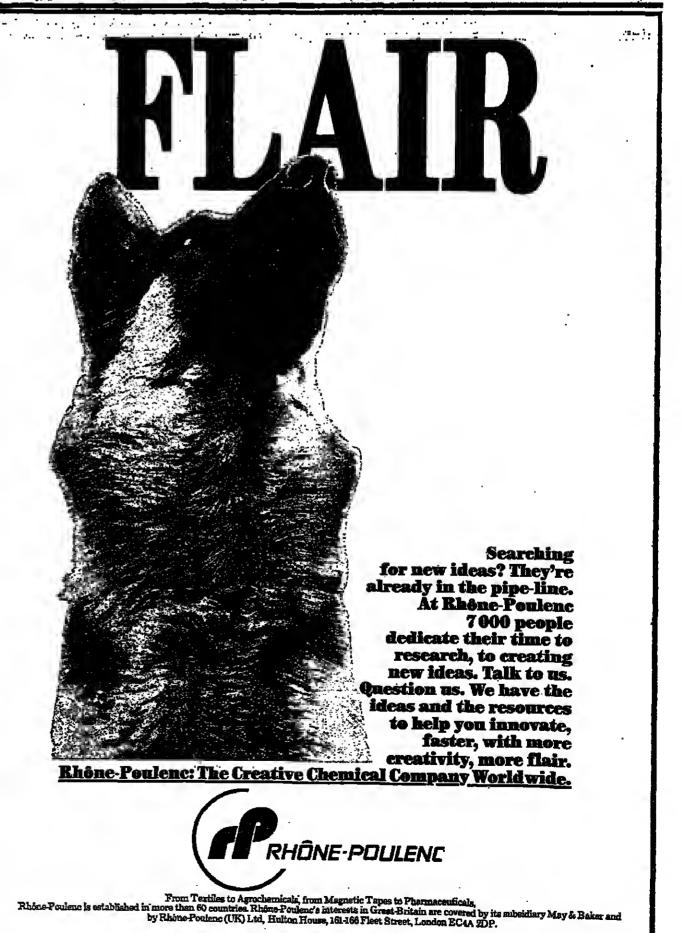
These were among the griev-ances that the seven-man black makopane, a plumber, presented to the Kenton Lialson Committee on June 18. Within days the committee swung into action to remedy the immedi-

ately remediable. The rubbish dump was removed, four new water taps were installed the rutted main road was regraded and the grievances were rapidly con-veyed to the administration board, police beadquarters in Port Elizabeth and the education department.

Just as the action committee was getting into its stride bowever, President Botha declared a atate of emergency in 36 magisterial districts, including the district which encompasses Kenton. To their amazement the lialson committee found that four of its black members had been arrested, heaten up at the local police station and then transported to Port Elizabeth's St Alban jail.

Gladman Johannes, one of the four, was released after 14 days. With an extraordinary lack of bitterness be explained how his interrogators had made clear that participation in the work of the liaison rommittee was what had made him an agitator" in the eyes of the authorities.

The conclusion that Gadman Johannes has reached is that "the police don't want peace between our two communities." If the hoycott had not galvanised local whites into action, such a thought might never have crossed the minds of those who for years had lived on the comfortable side of the apartheld line.



FINANCIAL TIMES

Tuesday October 29 1985



Johnson Matthey calls in receiver at Gomba

By Terry Povey in London

JOHNSON Matthey Bankers yesterday ordered receivers to take over the debt-ridden Gomba group of companies owned by Mr Abdul Shamji. By mid-morning, three staff from accountant Price Waterbouse were in the Park Lane headquarters explaining the situation to employees and taking physical con-trol of the daily running of the

group.

The move is to ensure maximum recovery on the £19m (\$27m) owed to the troubled bank by the property-based Gomba group. Among Gomba's assets are the Duchess, Garrick and Mermaid theatres, a one-third stake in the listed Belgrave Holdings, a handbag factory in Blackburn and the truck maker,

The bank is apparently concerned at the terms of some asset disposals being planned, one of the receivers todicated yesterday. When JMB collapsed in Septem-

ber 1984 and was rescued by the Bank of England, the Gomba group was its third largest debtor. Since then, two attempts have been made to reschedule or settle the outstand-

June when Gomba failed to make the initial payment on its debts which bad been reorganised into a one-year term loan. A second arrangement was made after a 14hour meeting that finished at 4 am

It was dissatisfaction with the progress of this second arrangement, in which promises were made as to asset disposals, that prompted JMB to move Price Waterhouse into

One of their first moves was to conclude yesterday the sale of three of Gomba's subsidiaries to a consortium led by Mr Michael Hendrie, who resigned from an executive po-sition in the group last month. Mr Hendrie has been negotiating for months to try to make a go of the Stonefield truck operation outside of the Gomba framework in a buyout backed by City institutions.

The three companies, which are not being put into receivership by JMB, are all based at Strood in its 1964 and 1985 first-half net earn-Kent and are involved in the manufacture of medium weight military vehicles. Key overseas contracts are said to hang on the speedy resolution of the position of these

In addition to seeking maximum recovery for the outstanding debts, the receivers will also be looking into various matters concerning dealings between Gomba and JMB. Although Price Waterbouse conducted its own investigation into Mr Shamji's companies at the request of the Bank of England in the months after the rescue, at that time it only bad limited access to the group's financial and other

Case to shift some tractor output to UK

Continued from Page 1 bleak, were improved by the new

plan.
They will continue to be an important source for agricultural trac-tors and construction equipment components for the U.S., Europe and the rest of the world. Studies are being made to outline the plants' specific long range goals as an integral part of our business."

The company was also consider-ing moving the production of two models of skid steer loaders from the U.S. to its plant at Redruth in

Case is already a major manufac-turer of tractors in the UK with output last year of 23,300 units. Massey-Ferguson produced 58,300 and Ford 35,900. UK tractor exports were worth \$486m last year. The trade surplus on tractors was

World Weather

Minebea speeds merger to thwart foreign bid

MINEBEA, the Japanese engineering company under threat in the country's first hostile bid by a foreign predator, yesterday took steps which it claimed would strengthen its defensive position.

The company, a leading precisioo ball-bearing manufacturer, said it was speeding up a planned merger with Kanemori, its direct-sales clothing subsidiary. Mr Takami Takahashi, the Minebea president, claimed the move would increase the percentage of shares under its control from 51 to 53 per cent.

However, in London, Mr Terry Ramsden of Glen International, which has mounted the \$1.4bn bid in partnership with Mr Charles Knapp's Los Angeles-based Trafal-gar Holdings, disputed Mr Takabashi's figures. He also claimed that previously appublished details of the offer would be put today to the Japanese Ministry of Finance.

revolves around the treatment of the unconverted warrants which Trafalgar-Glen has used as the springboard for their bid.

Mr Takahashi said that, if his company exercised all rights on present holdings of its paper, its to-tal number of shares in issue would rise to 298m, of which Trafalgar-Glen would hold 19.5 per cent. Mr Ramsden claimed that the total number after full conversion

would be 342m, of which 218m are currently in issue and the rest are unconverted. The bidders are known to have control over a large proportion of the unconverted Mr Ramsden also pointed last

night to the stake of around 65m shares which Minebea is claiming

The dispute over the extent of floating stock." He takes this to Minebee's control of its own shares mean uncommitted small sharemean uncommitted small share holders, numbering around 3,000. There are contingent details in the plans themselves," Mr Rams

den said. We are not going to pub lish full details until we have seen senior directors of the ministry. Mr Takahashi repeated his out-right rejection of the bid and said he would not meet Mr Graham Richards of Glen and Mr Mark Dodge of Trafalgar when they arrived in Japan.

The Kanemori merger, however, was seen as an indication that: Minebea might be taking the hid se

riously
It was also reported last night that the Ministry of Finance had said that any acquisition would have to be cleared under the For eign Exchange Law, which restricts are committed to it but which, he foreign investment in state secure cave appear on the register as free ity-related firms.

Control Data loses \$255m in quarter after special charge

BY PAUL TAYLOR IN NEW YORK

group, yesterday reported a \$255.6m, or \$6.65 a share, thirdquarter loss, partly reflecting a de-cision to take a \$153.8m special charge to restructure parts of its

The Minneapolis-based group, which has been struggling to raise cash and re-focus its operations in the face of a sharp industry downturn, said the third-quarter charge related to "restructuring and reducing the scope of business activities." Wall Street reacted favourably to the moves pushing Control Data's stock up \$% to \$18 in early trading. In the year-ago period, Control Data reported net earnings of \$54.5m, or \$1.41 a share, after taking a \$130.2m special charge related to the group's decision to phase out its IBM "plug compatible" peripher-al business. The latest third-quarter loss came on revenues which slipped marginally to \$1.23hn from \$1.24hn a year ago. For the first

CONTROL DATA, the troubled U.S. compared with break-even net computer and computer products earnings of \$800,000, or 1 cent, in the 1984 period on revenues of

> Control Data, which has recently been selling selected assets, includ-ing parts of its commercial credit finance unit and has put its profitable Tickertron electronic-ticketing business oo the auction block, said the third-quarter special charge included the anticipated divestiture of its business products operations which manufacture and sell computer disk packs, computer tapes and flexible diskettes.

The group said the decision to divest these businesses was consistent with its strategy of concentrating its peripheral products re-sources on the high performance, high capacity OEM (original equip-ment maker) data storage market. In addition, Control Data said the losses reflected charges related to restructuring part of its U.S. and in-

ternational computer services businesses as well as writedowns of its investments in a number of projects including earth energy systems and digital productions - both ings by the U.S. Securities and Ex- controversial ventures sponsored short-term results, should significhange Commission, said it had a by Control Data's chairman, Mr cantly enhance our future profitnet loss of \$269.6m, or \$7.02. This William Norris.

Control Data said its information services and products division post ed a \$237.1m pre-tax loss in the latest quarter including the charge results which the company blamed on the downturn in the computer industry, intense price competition and dramatically changing technology. Operating earnings were also adversely affected by costs associat-ed with lay-offs and the closure of plants. In the year-ago quarter, the division posted a \$126.5m pre-tax loss after the \$130.2m charge.

mit posted pre-tax earnings of \$25.7m including \$8.9m in gains from the sale of assets compared with pre-tax earnings of \$16.2m in the 1984 third quarter.

Mr Robert Price, president and chief operating officer, said: "A comprehensive analysis of investments is continuing which may or may not result in additional charges in the fourth quarter. The actions we are taking and will be taking in restructuring and narrowing the scope of our business operawhile adversely affecting our

Phibro-Salomon cuts 600 jobs in commodities unit shake-up

BY TERRY DODSWORTH AND PAUL TAYLOR IN NEW YORK

Street investment banking and for the parent company. Next year commodities trading firm, yester the company, formed four years ago day announced a further massive when Phibro acquired Salomon day announced a further massive whem Phibro acquired Salomon reorganisation of its Philipp Brothers non-energy commodities trading subsidiary involving the reflects the emergence of Salomon loss of about 600 jobs in its world-brothers as the dominant part of the group. wide marketing and distribution

The job reductions, the latest in a succession of severe cuts, represent about 20 per cent of Philipp Brothers' total workforce of 3,100. but half of those involved in the key

trading area.
Mr John Gutfreund, Philoro-Salomon's chairman and chief ex-

ecutive, announced a senior management reshuffle at the Philipp

the group.

The management reorganisation will follow the retirement at the end of the year of Philipp Brothers' two senior executives. Mr Ludwig Jesselson, the chairman of Philipp Brothers who helped build the commodities firm into one of the world's trading giants, is to leave

active management but will remain Mr Alan Flacks, the British-born

Philipp Brothers, is leaving after completing the restructuring of the troubled commodities business - a task be undertook 12 months ago Despite sharply lower revenues the commodities business has staged a strong recovery in earnings this year with nine-month pre-tax profits rising to \$57m from \$7m in 1984.

Mr Gutfreund, who became sole chairman of the parent company last October when Mr David Tendler, Philipp Brothers' former chief executive quit the group, named Mr Martin Kaulman as Philipp Brothers chairman and chief executive and Mr Henry Schachar, as

Nato ministers wary on N-plans

Continued from Page 1

placed by the controversial enhanced radiation or neutron bomb.

However, a new, more accurate and longer-range Lance missile is believed to be on the verge of development in the U.S.

It seems improbable that ministers will take any decision on the Rogers plan this week, if only be-cause they will not want to influence the climate of opinion as the

But Gen Rogers is said to be pressing for a full discussion of his plan as early as possible in the new

Dutch Government takes its long deferred decision on Friday on the define the terms under which Britdeployment of cruise missiles.

But Gen Rogers is said to be

troubles depress trading on LME

Tin price

By Stefan Wagstyl in London

TRADING on the London Metal Exchange, the world's leading metals market, has shunped in the face of the threatened collapse, in tin

Traders report that, since the sus pension of tin trading on the LME on Thursday, business in other metals is down by an estimated 30 per cent. One trader said: The markets are deadly quiet, and they will carry on getting quieter until this whole mess is sorted out.

Traders are anxiously awaiting the outcome of an emergency two-day meeting of the International Tin Council, the producers' and consumers' price pact, which starts in London today. The ITCs announce-ment that it had run out of money to fund its efforts to support the tin price above free market levels sparked the crisis last week. The buffer stock manager, who

manages the ITC's price support scheme, owes an estimated £200m (\$265.5m) to LME members and their bankers. He has traded particularly beavily with a handful of traders - but other dealers could also be hit by any defaults since LME members all have large debts with

each other However, there are strong indications that member countries will not let the ITC collapse without honouring its obligations. On Sun-day, Dr Chirayu Na Ayutthaya, Industry Minister in Thailand, the third largest producer after Malay-sia and Indonesia, said his country was ready to give more money to the ITC, as long as other nations

Yesterday, ITC representatives net their bankers to discuss ways of refinancing the buffer stock manager. An immediate step forward would be for the Association of Tin Producing Countries (producer-members of the ITC) to pay over £80m pledged at a meeting last month. Another proposal being canvassed is for member governments to guarantee the ITC's borrowings. However, the ITC may well decide that even with extra resources its present floor price of the equiva-lent of £8,500 a tonne is unsustainable. Several of the council's consumer members – who include the UK, other EEC countries, Japan and Canada but not the US, which all set to take a stand on closing

The LME has suspended tin trad-ing until the end of tomorrow. It ing until the end of tomorrow. It regulates its own affairs, but it has kept the Bank of England, which has a general responsibility for supervising London markets, informed of events.

See Lex; Commodities, Page 34

IRI moves to oust Italian bank chief

Continued from Page 1

quence of the rise of outside entrepreneurs such as Sig Carlo de Benedetti and in part because the Milan bourse has grown beyond the size which readily permits closed-circuit deal making.

In a country which lacks a tradition of merchant banking on the Anglo-Saxon model and therefore

has a limited number of intermediaries for corporate finance, Medio-banca has enjoyed an unchallenged supremacy. Now that the Cuccia ra is coming to a clase, however, the struggle for power between those who wish to prolong tradition and those who wish to modernise has broken into the open. Dr Paolo Azzoni, of Milan stock-

search programme.

Mr Heseltine is to press Mr Weinberger for guarantees that Britain will get a specific share of the propages are still controlled in an un-Meanwhile, Mr Michael Heselgramme, and that UK companies democratic manner. He said the
tine, the British Defence Secretary,
is to meet Mr Caspar Weinberger,
the U.S. Defence Secretary, after tothe U.S. Defence Secretary, after to-

Commission unveils EMS plans

Continued from Page 1

Finance Minister, welcomed the in- able to assume the resulting obliga-itiative of the Commission to put tions." the board, at present only repre-senting the 10 central banks. itiative of the Commission to put tions."
monetary affairs into the Treaty. The

ture to stimulate new programmes states."

The changes then seek to spell but warned that the move did not out the role of the European Curgo far enough. He said the text rency Unit (Ecu) as the foundation operation fund into a full-scale Enshould not simply be limited to writing down what was already agreed, for settlements between the monequire unanimity of the member but should set out targets for the fu-

quire member states to treat their ranges the necessary currency coexchange rate policy as a matter of common concern, and co-operate within the framework of the EMS.

On the exchange rate mechanism, would be given "the autonomism, it simply says those member of its tasks." The Commission is also specified as so seeking to have a full member on the Treaty of Rome, the Commission would finally remove any notes and its own competence in monetary affairs and its ability to make proposals for the future described as the first own competence in the first own

Finally, it proposes that any

quire unanimity of the member states, and full national ratification. The role of such a fund, the subject of monetary co-operation.

The European Fund for Monetary of continuing differences among the Commission plan would re
Co-operation, the body which are the Ten, is left entirely undefined.

THE LEX COLUMN

Preaching to the converters

The pre-emption right is losing even its most loyal supporters. Last week Mr David Walker of the Bank of England, a friend of the ordinary shareholder if ever there was one, suggested that companies would eventually find their way to the cheapest source of capital and that the placing might work out just a touch cheaper than the rights issue. His suspicions were duly con-

firmed yesterday when BTR, a company which takes its responsibili-ties to shareholders more seriously than most, announced that it was placing £200m of something which looked very much like equity out-side its shareholders' register. Most shocking of all, the lead broker to this placing was the patron saint of the pre-emption right, Cazenove &

Not that BTR's existing share holders have much to complain about. The group is issuing two tranches of low-coupon Eurobonds convertible into equity at a premium of around 5 per cent. The terms have been structured to encourage the earliest possible conversion -BTR has a call option from next June and the conversion premium is tight - but there will be no dibrtion for existing shareholders.

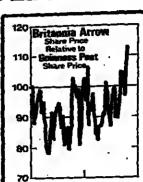
UK institutions may even be grateful to BTR for this initiative.

Many are overweight in the equity and will have the opportunity to scale down their percentage hold-ings. Certainly yesterday's 9p rise in the BTR share price to 380p looked more like a vote of confidence than a protest by outraged shareholders.

By issuing convertible bonds in the Euromarket, BTR has taken advantage of what amounts to a loophole in the London Stock Exchange's listing particulars. A UK company can only place equity without recourse to its existing shareholders if the proceeds are to finance an acquisition. But if it sells Eurobonds which are converted into ordinary equity next week, it can increase its issued share capital by 5 per cent without so much as noti-tying its shareholders. As Mr Walker implied last week, the stock exchange restrictions are too inflexible to make sense. .

NCBPF/Drayton

dropped out in 1383 - are likely to down uneconomic investment



trusts. Its bid for Drayton Premier yesterday could quite conceivably do just that, perhaps as a prelude to

The bid values Drayton at a 7% per cent discount to its net asset value, a slightly stingier offer than come to expect these days, when weakness in part by passenger to the come to expect these days, when weakness in part by passenger to the come to expect these days, when weakness in part by passenger to the come trusts change hands at or very cash alternative. Guinness has the cash alternative. Guinness has the ket, at least, interpreted it as a scope to pay down debt through dissighting shot the shares leap-frogged the 500p offer to close 69p likely to remain within an enlarged sighting shot the shares leap-frogged the 500p offer to close 69p up at 515p. Any higher than that, and shareholders could lose out even with unitisation, as costs can absorb up to 5 per cent of asset val-

Since more than 80 per cent of Tin the shares are institutionally owned, unitisation might in any case be unpopular. Institutions are not great investors in unit trusts, and the rush to cash in on Day One could force a liquidation on unfa-vourable terms. As the offer is, unusually, at a fixed price, shareholders might do as well to sit tight and accept if the market falls bethey have an interesting dilemma on their hands. If they accept, they sanction the precedent of offering less than net asset value for the oth-

Guinness Peat's offer for Britannia Arrow was probably the least exactly what to think when it tin.

stepped in recently to top up its

So, with a bid premium already reflected in the Britannia price, yes terday's offer was little more than a recognition of what the market thought Britannia to be worth. As a major fund management group, Britannia may attract a counteroffer although no one except Guinness Peat seemed too interested wheo UKPI was hawking around its 25 percent stake in March.

Britannia should after all be of

greater value to Guinness than to almost anyone else. Guinness has abundant tax losses in the UK and U.S. and, assuming full acceptance of the equity offer, would show some boost to earnings per share on the present terms. But, having been so generous with its paper in the past, Guinness would look very stretched if a more muscular competitor came in and offered cash. It has already conceded this group – but it must be hoping that: Britannia shareholders will take its

While the London tin market remains shut, until Thursday at least, members of the International Tin. Council meet today to pick up the pieces after ITCs collapse last week. Before the market reopens. the council will have to reach agreement with its creditors - both brokers and banks - which will revive tween now and the closing date. But confidence in its ability to trade withoot going bankrupt.

paper. They may do, but not yet.

Much as they may dislike it, the sovereign members of the council might conclude that there is no er trusts in their portfolio; a precedent which will only pay off if it attracts enough marginal bidders to drag up the rest of the sector on bid speculation.

It is, after all, the free market's revenge—the producer countries, have for years had the benefit of tin prices higher than would be justified by any measure of world demand, and the payoff has now arrived.

Conce the market reopens, more

Once the market reopens, more people will have cause to worry. than just the creditors of ITC. Even surprising of yesterday morning's if the council continues to act as a clutch of UK bid announcements. buffer of prices, it will have to set its trading floor well below the

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*figures are offer to bid net income reinvested 1.10.84.-1.10.85. Source 'Planned Savings'

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Substantial foreign capital will be needed to renovate the city and modernise industry after decades of neglect while the economy expanded

A dynamo run into the ground

By David Dodwell

IT DOES not take long among to many responses to realise they ought to try a different that every day buffet each other down Nanjing Ln, Shanghai's main shopping street, to dis-cover the vital energy latent in China's greatest city.

Equally, one soon discovers that Shanghai is a city locked in its past, tied to a history of which it is proud, and at the same time embarrassed. Awara that Shanghai before the Communist victory in 1949 was known as the Paris of the Orient and more wealthy than any other city in Asia, its people are haunted by the shocking corruption that was part of this period. part of this period.

Though it is home of soma of the finest buildings in Asia, particularly those along particularly those along Zhongshan Donglu (what used to be called the Bund), successive administrations have allowed this unique heritage to fall into ruin. Were it not for the pristine splendour of Shanghai's city ball—once the headquarters of the Hongkong and Shanghai Banking Corporaand Shanghai Banking Corporation—one could be forgiven for thinking the neglect was

Because Shanghai was such a force before 1949, there is nowhere in China where efforts have been greater to demon-

loyalists trying to calm the fears of Hong Kong people by pointing to the success that had been made of Shanghai under

socialist rule.

They did not need to listen

Many Chinese seemed puz-zled, even hurt, by these responses. For many foreigners, Shanghai is a city that has apparently stood still since the 1940s, but in local eyes it has been the catalytic centre for much economic growth. For any Chinese consumer, the "Made in Shanghai" label Is synonymous with high quality. While in 1949 it was a city mainly of commerce and trade.

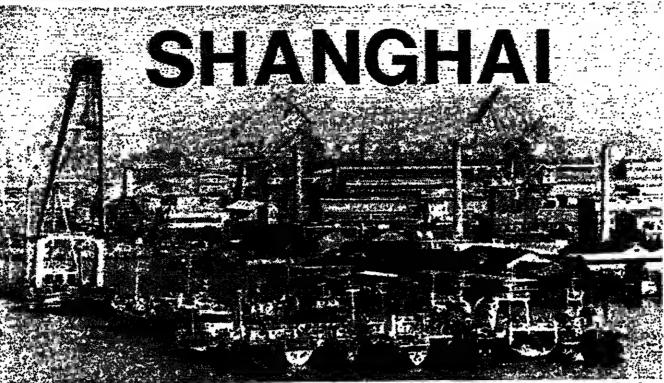
today it is an industrial leader. The city is today the most powerful economic dynamo in the country. It boasts advanced industries and skilled workers. It accounts for one-sixth of China's national income, one-sixth of the china's national income. quarter of its foreign trade, and more than a third of the port tonnage handled in China. But It is a city that bas been

run into the ground. Industrial growth since 1949 has occurred with virtually no attention to Shanghai's infrastructure. As a result, heavy industries sited close to the city centre are pumping toxic wastes into its rudimentary 19th century seweraga systems traffic congestion is chronic, and living conditions for the 12m populatinn are often abysmal. Even Shanghai's industries

strate the superinrity of socialist hureaucratic ecommics. It
was bemusing to some and
alarming to others during the
fraught Sino-British negotiations over the return of Hong
Kong to Chinese sovereignty to
listen to cloistered party

Even Shanghai's industries
have been run into the ground.

About balf of the city's industrial equipment pre-dates
1950, with a further 33 per
cent installed before 1960. The
port, which handles more than
100m tonnes of cargo a year, is
hopelessly overstretched. Early



Ageing industrial buildings crowd the waterfront, where ships queue for an average of two months for berths. The city's characteristic congestion is also apparent in Nanjing Ln (right), the main shopping street, where shoppers and traffic compete for space

CONTENTS

in October, more than 160 vessels were waiting in the Yangtze for berthing space— and waiting time averages two

have used the city's resources to the point of exhaustion," one experienced diplomat noted. "And now they are faced with the problem of tacking all of the problems at

A sense of decline bas been aggravated as cities elsewhere on China's coast and in its interior have been allowed to establish direct commercial links with the outside world. Shanghai's exports have stag-nated at about US\$3.6bn since 1879, as a steady but unimpressive growth in locally-produced exports has been neutralised by a decline in entrepot busi-

The decision that urgent remedial action was needed came at the end of last year Tha when a study group headed by Premier Zhao Ziyang came to assess the pleas by the city's then mayor, Wang Baoshan. Premier Zhan accented that for too many years, Shanghai bad been used as a milchcow by the central government. The city was allowed to

Mayor Jiang Zemin, who succeeded Wang four months ago, faces the thankless task of pushing reform through most entrenched metropolitan hureancracy in China.

The bureaucracy is the more of a minefield because of the constant tension between proud and insular local officials, and those from Peking intent on

Mayor Jiang Zemle

McDonnell Douglas ver

rotain a larger share of the decisions to be made outsida retain a larger share of the earnings that are passed on to Peking, and was given clearance to divert more funds into repairing the infrastructure. It was also granted Yuan 200m a year for industrial renovation.

Mayor Jiang Zemin, who succeeded Wang four months ago, faces the thankless the decisions to be made outside decisions to be made outside and peking.

This explains why Jiang has been picked "to ride the tiger" at the head of the city's administration. He is Peking's man, with direct backing from Premier Zhao, but is also well aware that if he is to succeed, he must establish local credentials. He was born in nearby

tials. He was born in nearby Jiangsu province, educated at Shanghai's Jiaotung University, and spent a chunk of his working life in the city.

He is one of a growing group
of technically trained officials
who bave taken the admini-

strative reins in provinces and municipalities across China. maintaining central control municipalities across China.

over the city. Paradoxically.

Shanghal is too important to state coffers for the central government to allow big modernisation of industry go-

Development zone

Rural areas

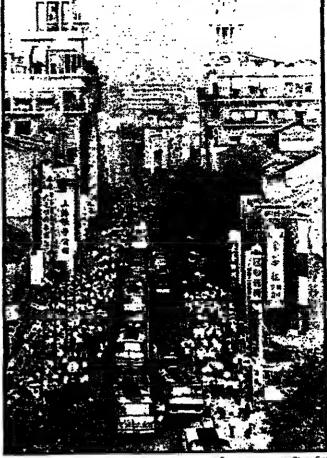
ing hand in hand. New sewerage and fresh water systems are being planned. Tunnels, bridges elevated roads and one-way systems are being planned to improve traffic circulation.

An underground rallway— criticised by many as too ex-pensive and technically too diffi-cut in Shanghai's waterlogged subsoil—is also being proposed. A coal-gas plant to bring piped gas to homes throughout the city is soon to be huilt. Big housing projects are under way in the suburbs.

City planners say industrial development will hinge on high technology ventures, with factories using less sophisticated techniques being transferred to other cities. Factories will be moved out of the city centre and into industrial mines around

the periphery.
Substantial foreign capital will be needed for this moderni-sation, but bow it will be genersation, but bow it will be generated in sufficient quantities has yet to be explained. The tightening of central control over access to foreign exchange will not make the task easier, though there are several reasons why Shanghai should fare better than other cities in China:

It will remain a stronger It will remain a stronger magnet for foreign investment



cause of the technical strength of its workforce and its strategic location for exporting and for tapping resources in China's

• The city has in recent years used its foreign exchange re-sources more sparingly than elsewhere. These accumulated funds will provide valuable padding at a time when quotas from Peking are being cut. ● A large community of over-seas Chinese with family roots

In Shanghai have been willing to relavest in their home city on a substantial scale. It is no accident that Hong Kong. accident that Hong Kong, adopted home of large numbers of Shanghainese, is Shanghai's largest trading partner (accounting for 18 per cent of trade) and the city's largest source of foreign investment. The support of Hong Kong patrints has been a mixed blessing, since most of the ventures they have been linked with

they bave been linked with involve hotels, property development or the quota-hlighted tex-

foreign ventures—whether with Volkswagen of West Germany to manufacture the Santana car; the Baoshan steel plant; the Pilkington plate-glass plant; or the deal with MacDonnell Douglas of the U.S. to manufacture passenger aircraft have been drawn up with part-ners further afield.

It is these ventures that are likely to provide the stimulus for the technological upgrading of Shanghal's industry.

The link with Hong Kong is nevertheless likely to remain strong. Many in Shanghai feel that the British territory on China's southern coast has usurped its pre-eminent role, and an important stimulus for growth in the longer term may role. If this gives impetus to China's policy of "npening up in the outside world" there would probably be few in Hang



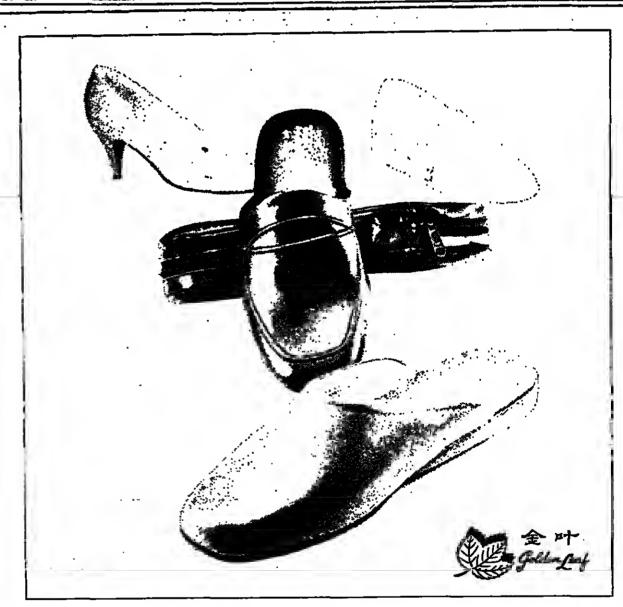
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Social problems on a grand scale

At peak travel hours, 11 people stand in every sq.

metre of bus space in this crowded city

for a place in the smoke and buses carry 16m passengers during the peak-hour rush. Shanghai has social problems on a grand scale. There is not enough bousing, causing doubl-ing and tripling up of families in already overcrowded circum-stances.

Transport infrastructure can-not cope with the load. The city's narrow and winding streets are overburdened by 3.5m bicycles and 105,000 motor vehicles, increasing by 10 per cent each year. Transport authorities have calculated that at peak bour, 11 people stand in each square metre o space. Those anthorities tried to put 22 shoes in a square metre and found that they

would not fit.
The city's subway plans have
stalled. Planning began in
1958, was halted during the
Cultural Revolution years and
started again in 1978. The Municipal Engineering Administration Bureau has just submitted plans for a resdesigned

Yuan 2bn network covering 10km.

Some 40 per cent of the city's rainfall is acid rain, and the Environmental Protection Bureau says both the frequency of falls and the acid conteut are increasing. The bureau suggests the city might be the noisiest in the world, with a cacophony of bicycle bell-ringing, car horns and barge fogborn blasts, as well as noisy factories in residential areas.

In spite of the catalogue of problems and the municipal government's drive towards infrastructure improvement, opportunities for foreign business involvement in the overhaul of Shanghai are limited.

The Australians bave given the city 28 intersection microcssors, which monitor traffic flow and allow lights to be changed accordingly. But the city 28 intersection microcssors, which monitor traffic flow and allow lights to be changed accordingly. But the city accordingly but the city Sanghai's accordingly. But the city Sanghai's stampts to convince Shanghai's attempts to convince Shanghai's accordingly. But the city Sa intersection microcssors, which monitor traffic flow and allow lights to be changed accordingly. But the city Sa intersection microcssors, which monitor traffic flow and allow lights to be changed accordingly. But they have been held up in attempts to convince Shanghai's attempts to convince Shanghai's attempts to convince Shanghai's accordingly. But they have been held up in attempts to convince Shanghai's attempts to convince Shanghai's accordingly. But they have been held up in attempts to convince Shanghai's accordingly. But they have been held up in attempts to convince Shanghai's accordingly. But they have been held up in attempts to convince Shanghai's accordingly. But they have been held up in attempts to convince Shanghai's accordingly. But they have been held up in attempts to convince Shanghai's accordingly. But they have been held up in attempts to convince Shanghai's accordingly. But they have been held up in attempts to convince Shanghai's accordingly. But the city Sanghai's accordingly. But they have

SITCO is a "multifunctional corporation," says Chen Rong, executive vice: president of the Shanghai Investment and

Sitce is first and foremost a

financial institution, providing funds for foreign ventures in Shanghai, raising loans and

providing guarantees. By the end of the year, plans will be laid for its first international

laid for ms nrst international bond issue, probably on the Tokyo market. The corporation, set up in 1979 with authorised capital of Yuan 500m, has also been extra importing capital equin-

active importing capital equip-

ment and high technology knowledge, in local property development, has taken equity

stakes in Shanghai ventures and provides consultancy, feastbility and legal services

to potential foreign investors. It is headed by Liu Jingli,

a former capitalist who has

Trust Corporation (Siteo). Multifunctional seems to be a buzz-word in the organisa-tion. But not without reason since Shanghai's municipal bureaucracy is a maze of single-function departments, and pays a high price as a

bridging rivers, and building ing ways of raising money to high-rise housing complexes, finance internal expansion of But these generate little or no telecommunications. One is to

the chaos begins. Impatient bell-ringing cyclists push through a mass of pedestrians forced on to the road by the crush of a grossly overcrowded footpath. Equility impatient bus drivers attempt to get their way by driving straight at the pedestrians and cyclists.

Such is the congestion of Shanghal, where each resident in the most crowded suburbs has 2 sq metres (21.5 sq ft) of living space as 12m people fight for a place in the smoke and buses carry 16m passengers brings and problems

bridging rivers, the housing complexes, high-rise housing complexes, issue bonds, another to collect fees in advance from sub-rises to extract payments from. At the start of 1984 there was a waiting list of 18,000 and during the year 15,700 phones were installed. This year about to 50,000 new installations but the waiting list has grown to 50,000. The more we install the more they want, Gao said.

Infrastructure

ROBERT THOMSON

vides a good example of the will charge the plant they be difficulty of making money ont rates for calls to other pro-of infrastructure development. How tightened foreign ex-Part of the grant has been assigned to design and installa-tion of a traffic control system.

is 1.8 seconds.

BY DAVID DODWELL

been given a role again since the economic liberalisation leading up to 1979. Liu also

heading up to 1979. All asso-heads the Patriotic Construc-tion Corporation, which has similar powers and close links with Sitco. As a state-con-trolled corporation but not a government agency, it has a flexibility that few govern-

This has led to barely-dis-

guised jealousies among insti-titions like the Bank of

China, which provides finan-cial services identical to those of Sitco and has felt threat-

or suce and has rest threat-ended by its recent growth. Foreign observers in Shang-bal warned that potential in-vestors could find themselves

frustrated if they inadver-tently triggered such rival-

It has invested Yuan 290m

in joint veutures between for-cign and Chinese companies.

These range from fashion, furniture and shoes to light

bulbs, steel and the operation

of a luxury passenger liner

plying between Hong Kong and Shanghai.

we instal the more they want," Gao said. A successful means of raising

local capital has been through payments by large factories for network expansion in their region. The telecommunication administration received Rmby 53m from the Baoshan tion control and the Australian RmbY 53m from the Boosban Development Assistance Bureau Iron and Steel plant for the is funding a team of researchers installation of internal and devising urban renewal external telephone systems. In return, the administration gave projects.

The Australian project proBaosban priority service and
will charge the plant cut-price

How tightened foreign exchange control will affect the administration's plans for such A transport specialist estimated that Shanghai's "saturation wave communications systems flow"—the time taken for the average car to move when a traffic light turns green—is 12 traffic light seconds, whereas in Sydney It projects for the seventh fiveyear Plan have been earmarked A few smaller projects could be affected."

PROFILE:

MAYOR JIANG ZEMIN

Cautious move to reforms

Fo

Inve

PEKING'S recent appointee as mayor of Shanghai, Jiang Zemin, has made great play of being a local and a man with the common touch. Early reports showed him shoveling melon peel as part of a city clean-up campaign, and directing flood control efforts in the wake of summer typhoon rains. typhoon rains.

They even had him chatting in Shanghai dialect with street vendors—which was stretching the truth since he speaks only fractured Shanghainese.

speaks only fractured hainese. This image building not only suits Jiang's flamboyant temperament, but is probably essential if he is to hold down one of the most demanding jobs in China. In a city that has been the model of socialist bureaucratic sconomics and a home of state industries, he has the unenviable task of preaching greater local autonomy and trimming bureaucracy. After 30 years of preoccupation with industrial investment, he has the controversial job.

with industrial investment, he has the controversial job of restoring an infrastructure on the point of collapse.

He heads a city that is on the one hand so important to China that economic planning is kept firmly under Peking control, and on the other is fiercely proud, and independent. He is sufficiently far from Peking to know that without a local constituency from which to draw support he is likely to fall in an undignified heap between two stools.

Jiang is better equipped than most to reconcile these forces. He has never worked as a general administrator but his range of experience in industry, research and central government firms his claim to a Jack-of-all-Trades.

With the support of remier Zhao Ziyang in Peking, where Jiang last worked as Minister worked as Minis Electronics, his back

as safo as can be.
In Shanghai he may not be
a local but can claim to be a local but can claim to be familiar with the city. Ho was born at Yangzhou, in Jiangsu close to where the grand canal meets the Yangtze River, but he was educated in power engineering at Shanghal's Jiaotong University, and worked after 1949 in Shanghal factories. In 1962, after working in Changchus and in the Soviet Union, ho returned to Union, ho returned Shanghal as head of

research institute. local constituency, he will have succeeded where Wang Baohan, his predecessor, failed. Views on Wang's achievements had begun to mellow before he stepped down. He is credited with persuading Peking to provide Shanghai wih more funds.

His failure to implement ignificant change is significant significant change is attributed to resistance from senior party officials. It is no accident that as he has stepped down, so a number of other senior Shanghal officials have also left. Jiang is keen to emphasise

continuity. The development plan drawn up by Wang provides the blueprint Jiang intends to follow.

Jiang has moved cautiously. He is well aware of the head-aches ahead, where he must challengo local vested interests and cut through one of the most treacherous bureaucratic thickets in China. Observers and officials do not underrate his skills, but few are taking bets on whether he will succeed.

David Dodwell



Chen Rong, executive vice-president of Shanghai Investment and Trust Company

Deals delay in currency confusion

Foreign investment DAVID DODWELL .

"INVESTING in China is a punter's game," comments Mr Patrick Furlong, who heads Pilkington's Yuan 430m joint venture in Shanghai to make plate glass by the end of 1987:

The Chinese Government has allowed itself to see the project as one that makes a profit. There are moments when I wonder how it is possible, but I remain optimistic because I believe the Government still wants It to be auccessful."

Judging by the amount of

believe the Government still wants it to be auccessful."

Judging by the amount of investment interest that remains over China, the business world still has punters a-plenty. Most share Mr Furlong's equivocal views — though few are willing to talk openly about them, for fear of spulling husiness prospects.

Investment in Shanghai offers

The targets have been products that are undermining demand for home-grown goods, ventures import-export corporations have hooked what they see as moves undermining their interests.

One success story is Shanghai consumer goods.

"We had an import fever last year," said Chen. Rong, executive vice-president of the shanghai Investment and Trust of the U.S. has been allowed to fund the import of electronic attractions rarely found else-

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11 Met 2

Investment in Shanghai offers attractions rarely found else-where in China, but at the same where in China, but at the same time has its share of unique frustrations. The city has skilled labour and industrial expertise. It has a husiness community with a sophiisticated knowledge of foreign trade, and well-established commercial links with the whole of China's interior.

In contrast, it has a Byzantine bureaucracy, and most of its factories are creaking with old age. Its infrastructure is close to collapse. Shanghai businessmen are notorious for driving industrials bureaucracy from the first share of unique efforts, and it hit our own industrials in the our own industrials feel they have been short-changed on a number of deals, getting second-hand equipment or finding themselves locked into a number of deals, getting second-hand equipment or finding themselves locked into a number of deals, getting to remit its profits in foreign exchange surplus. Cutting across all of these to remit its profits in foreign exchange surplus. Whether Foxboro will be able to remit its profits in foreign exchange surplus. Cutting across all of these to remit its profits in foreign exchange surplus. Cutting across all of these to remit its profits in foreign exchange surplus. Cutting across all of these to remit its profits in foreign exchange surplus. Whether Foxboro will be able to remit its profits in foreign exchange surplus. Cutting across all of these they have been short-changed to remit its profits in foreign exchange is a matter that will take some time to resolve, since it plans to plough back profits for the first five years.

Another model joint venture, and by taking a commission on Foxboro products sold elsewhere in China.

Cutting across all of these to remit its profits in foreign exchange is a matter that will take some time to resolve, since it plans to plough back profits the class appoint of the case with the Kabonnell Douglas deal with the Shanghai able. Confusion more often of Switzerland, seems likely to succeed on the basis of the class are creating and the contraction.

funds of its own, bas been affected less severely than most. It has won an extra Yuan 200m a year from state funds for rejuvenation of industry and has been allowed to retain a significantly larger share of the earnings of its industry, so that

Negotiations may be slow at earnings.

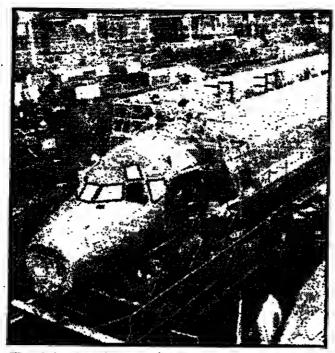
first, but when an agreement has been reached, then it usually works well."

Lettrange Costs of a venture are covered by foreign exchange covered by foreign exchange covered by foreign exchange could be foreign exchange.

Import substitution deals are still possible in official terms, but in practice are proving important.

Negotiations may be slow at first, but when an agreement has been reached, then it usually works well."

The recent tightening of central control over fast-depleting foreign exchange restives has thrown into confus the ground rules for doing to the ground rules for doing business in China. Shanghai, for the local market by exporting the substantial conserved in Chinas seems that camelhair wool, and control over the seasons of the summer and camelhair wool, and control over fast-depleting foreign exchange restances of the control of high-technology centre for the rest of China, wool to make swesters for the determination to establish wool to make swesters for the stablish of the control of the control of high-technology centre for the rest of China, and control to buy and of lambs-seems will inducted to bouly and of the



The importance of the McDonnell Douglas venture with Shanghai has put it outside foreign exchange rules

at a time when domestic prices for cashmere and angora are

floundered as China's powerful roads into the Japanese marimport-export corporations have ket, have stalled export growth for cashmere and angora are soaring.

A critical insight from several foreign hankers and legal advisers is that the closer fiscal control of foreign exchange being enforced would make ventures like that with Foxboro

was imported. It did not en-bance Cidna's modernisation ducts made by its joint venture efforts, and it hit our own industries."

The finite is imported to refer to the components by exporting pro-ducts made by its joint venture partner, and by taking a com-mission on Foxboro products

factories are creaking with old age. Its infrastructure is close to collapse. Shanghal businessmen are notorious for driving hard borgains, which make joint venture negotiations protracted.

Shanghal officials are unrepentant about their "sharp" tives are talking of a much more image. Mayor Jiang Zemin is blunt as most: "Foreign investors do not want to do business with fools, do they?

This suggests that some of the contrary, foreign executives are talking of a much more fitteral enforcement of the repentant about their sharp" tives are talking of a much more fitteral enforcement of the repentant about their sharp" tives are talking of a much more fitteral enforcement of the repentant about their sharp to the contrary, foreign executives are talking of a much more fitteral enforcement of the repentant about their sharp" tives are talking of a much more fitteral enforcement of the report performance. The with export performance. The with export performance, The controls in force will esse in due course. The general view is, nevertheless, that tighter overall fiscal control from partner, exports high quality overall fiscal control from partner, export earnings pay for the an urgent need to replace ageing industrial equipment, and

PATRIOTIC CONSTRUCTION CORP

BY DAVID DODWELL

forced to work for 10 years on a lathe in a factory that once belonged to bis father, be says

he was never bored. After university training as a

mechanical engineer the manual work was almost always

He shows no regrets over losing the fortune be would

interesting, he says.

Capitalist finds a patriotic niche

CHEN WUQING is rich by profit on the construction and Chinese standards, a capitalist, sale of 15-storey apartment and was trained at the Massa-buildings for overseas Chinese. College, London. But it is as and apartments. a patriot that he has found a It has also new niche late in life inside Deng Xiaoping's Chloa.

As vice-president of Shang-hai's Patriotic Construction Corporation (Pateo), he sees himself "filling the gaps" in China's planned economy—at a healthy profit to the 1,200 other patriots who in 1979 invested a total of Yuan 57m in the enterprise. The company's registered capital has since swollen to Yuan 200m.
"When the Government

"When the Government returned property to people who had heen capitalists up to 1949 it was impossible to spend the money right away." Chen recalled. A number of people pooled their money to

people pooled their money to operate this company."

The main moving force was Liu Jingji, a textile boss up to 1949 and now chairman of the corporation.

Patco employs close to 8,000 people, has investments in more than 100 ventures, and that 100 joint ventures with businessmen in Honk Kong. It bas invested beavily in property, making a substantial vestors in Patco were resident of Patco

In short, it has won the power to trade with sign of in Hong Kong. Chen insists however that this need not be the case, and that Patco can work equally effectively with non-Chinese investors overseas. At the age of 63, Chen while subsinessmen in Honk Kong, but others are in harbours little open resentment for the humiliations that came perty, making a substantial vestors in Patco were resident of the corporation.

Most links have been with or invest in China.

Most links have been with or invest in China.

Most links have been with or overseas. At the age of 63, Chen harbours little open resentment for the humiliations that came links have been with non-Chinese investors overseas. At the age of 63, Chen harbours little open resentment for the humiliations that came links have been with non-Chinese investors overseas. At the age of 63, Chen work equally effectively with non-Chinese investors overseas. At the age of 63, Chen work equally effectively with non-Chinese investors overseas. At the age of 63, Chen work equally effectively with non-Chinese investors overseas. At the age of 63, Chen work equally effectively with non-Chinese investors overseas. At the age of 63, Chen work equally effectively with non-Chinese investors overseas. At the age of 63, Chen work equally effectively with non-Chinese investors overseas. At the age of 63, Chen work equally effectively with non-Chinese investors overseas. At the age of 63, Chen work equally effectively with non-Chinese investors overseas. At the age of 63, Chen work equally effectively with non-

chusetts Institute of Tecb- and now hullding two 30-storcy nology in the U.S. and Imperial buildings for sale as offices

It has also invested in industry—its higgest involvement being in a shoe-making As vice-president of Shang-al's Patriotic Construction has a 25 per cent stake in the orporation (Pateo), he sees Jinjiang a luxury passenger liner that plies twice a month between Hong Kong and Shanghai. Patco is entitled to export directly from its factories with

> China's state-run import and export corporations. It can arrange joint ventures with manufacturers in China's interior and provide consultancy services to foreign companies seeking business partners in the region.

out hoving to go through

In short, it has won the power to cut a swathe through the bureaucratic thickets that so in Hong Kong. Chen insists frustrate efforts by foreign however that this need not be businessmen to trade with or the case, and that Patco continued in the case, and the case, an



Chen Waging vice-president

bave inherited from his father.
"My education was the best asset my father left me," he says. Chen now carns about Yuan 2,500 a year—modest by international standards, hu more than twice the average salary in Shanghai.

His strength is that he is one of a tiny handful of people in

China who have a practical business knowledge. "We have run companies, and in particular have experience of doing husiness with businessmen

That koowledge shows little That knowledge snows little sign of having dulled after more than 30 years of disuse. While "filling the gaps." Chen and his fellow catriots attribute their successes to flexibility. efficiency and good falth

While China's state-run culerprises remain enmoshed by the country's bureaucracies con-tinued success seems almost

BY DAVID DODWELL

or 3M either impossible or unviable today. In general, joint venture partners must make a foreign exchange surplus. Cutting across all of these rules are those instances where the Chinese Government de-Costly commitment takes flight

THE ONLY things flying along undergoing tests for three in Shanghal, including landing-the tarmac at the Sbanghai years, the aircraft's future department of Shanghai years, the aircraft years are department of the shanghai years are department of the shanghai years are departme tion's plant north of Shanghai at the moment are buses. By January the first kit to assemble McDonnell Douglas MD-82 aircraft will have arrived, provid-ing what the Chinese authorities bope will be the foundation of a modernised civil aviation industry in China.

The corporation (Saic) took six years to reach agreement with McDonnell Douglas on a

nell Douglas. For a country that is anxious about dipping into its foreign exchange reserves, the co-pr>-duction agreement tit is con-spicuously not a joint equity venture) is a castly one. Saic is committed by buying one completed MD-82, McDonnell Douglas's successor to the DC-9, and a further 25 klts each cosling about U.S.\$22m. It has an

fusilages, horizontal stabilisers and cabin floors.

Most important, the agreement provides for Saic staff to work with engineers from McDonnell Douglas and Aer Italia of Italy on a three-year "technology readiness pro-gramme" aimed at manufac-turing a new propfan aircraft.

Engineers believe a propfan system can he designed by the 1990s for short-haul aircraft carrying up to 150 passengers. Such an aircraft would have potential in China, with its latticework of short-haul routes. The fate of the home-grown Y10 aircraft seems likely to depend on the success or failure of the

For McDonnell Douglas, the venture marks a hreakthrough into a market dominated hy Boeing. Two MD-82s have been in service from Shanghal since 1983 hut few other successes have recorded by comparison with its main competitor, the Bocing 737. The aircraft is nevertheless ideal according to Hu Dingzhou, vice-president of

" Our operation records show that it is an excellent aircraft for domestic routes and short to medium-range use. Operation costs have been quite low." he

Hu expects two MD-82s to be assembled oext year, going into service by early 1987. Assembly will accelerate as staff become more experienced, with seven or eight aircraft being made in 1990 and 1991,

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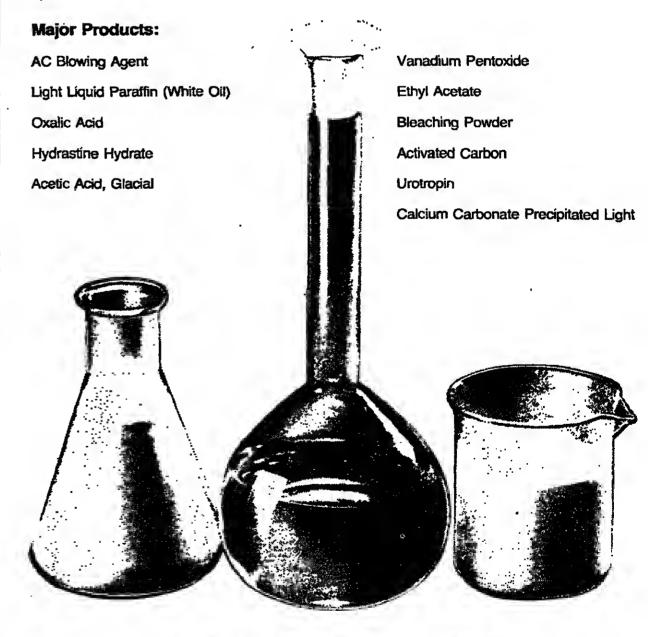
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Human talent will eclipse old stock

Industry STEVEN BUTLER

FT IS no small irony that Shanghai, a modern and sophisticated city, seems to be lagging behind when the Chinese nation begins to plough ahead with industrial

Shanghai, a modern and sophisticated city, seems to be lagging behind when the Chinese nation begins to plough ahead with industrial modernisation.

Shanghai this year lost its reigning status as China's preeminent industrial centre. In the first six months, neighbouring Jiangsu Province surpassed Shanghai's industrial ontput.

The loss is symptomatic of problems and opportunities facing Shanghai. The city boasts the most mature, sophisticated and highly integrated industrial base in China. In part because of its maturity, city officials concede that it cannot compete with provinces that are expanding by over 20 per cent each year.

The economy is hemmed in the losses of their treaties o

The economy is hemmed in by long-term neglect of the city's infrastructure, which is crumbling and outmoded, if Factories shut down on a litotating basis to conserve electricity. They remain idle while raw materials and supplies sit in ships waiting to unload.

But Shanghai's clauser is

But Shanghai's slower industrial growth will hardly affect its critical role in the modernisation of China, Sorvice sectors are expanding rapidly, and as it climbs higher on the developmental ladder. Shanghai's human capital should begin to eclipse the city's immense stock of physical

capital.
Shanghai has always been the place where buyers throughout China came for high quality consumer and producer goods Increasingly, factories through

such an impressive monument to socialist central planning. In works, by contrast, plays a game to socialist central planning. In that of times looks like free the nation into the modern industrial base concentrated in market wheeling and dealing.

VOLKSWAGEN JOINT VENTURE

"An enterprise that needs to buy components from abroad but cannot earn foreign ex-change to pay for them will not

last long," says Zhang Bingpet, director of the Shanghai com-pany since 1983.

As China's foreign exchange

reserves dwindlo at o rate that

has alarmed Peking, so Zhang's

when the joint venture setting up Shanghai-Volkswagen Automotive was signed last October.

textiles, cereal processing, cigarettes, paper, leather products, soap and matches.

Today it produces 12.8 per cent of China's steel, 18.9 per cent of the nation's bicycles, 14.2 per cent of machine tools, 29.1 per cent of chemical fibres, 27.6 per cent of televisions, and 15.2 per cent of plastics, with a gross industrial output in 1984 of Yuan 76.65bn.

that results from putting practical men in charge of their businesses is as great a reason for hope as anything the city has to show.

The Shanghai No 3 printing and dyeing works is in the midst of the third renovation in the plant's 60-year history. The former owner, Chemical Printers Association of the UK. installed new equipment in the early 1950s. Since 1979, the dyeing works has replaced half its machinery, spending U.S.\$5m to import machines from German manufacturers such as Kuesters and Brueck-

By the end of the decade the plant will have replaced all its machinery. Jin Renzhong, senior engineering, says his biggest headache is to keep the factory fully operating while biggest headache is to keep the factory fully operating while installing the machines. But it is a beadache he could have only dreamt about a decade ago. plant will bave replaced all its products through the National import and Export Corporation.

Shanghat has begun to lend money interest-free to raw materials producers. The remainder ward is a guaranteed supply of raw materials at the fixed. (cheap) state price.

The city has set up 19 specialised exchanges where buyers and earlier. Increasingly, factories throughout the nation are paying to use Shanghai's technology. They are sharing profits with companies to manufacture and sell products that bear a famous Shanghai trademark.

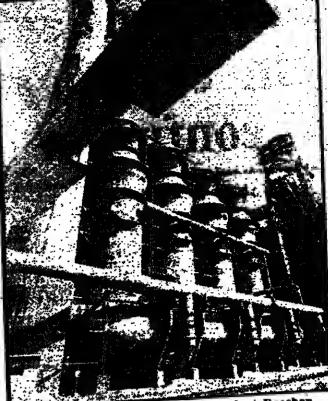
Shanghai factories are investing in and selling their outmoded equipment to the interior of China—all following commercial paths opened by national leader Deng Xiaoping's reform policies.

The first Volkswagen Santana kit assembled and the Shanghai model it will replace

exchange is expected to enable the joint venture to balance foreign exchange costs by 1989,

Zhang's company has imported tust over 400 Santana cars from Volkswagen in kit form from Volkswagen in kit form since 1983. Under the Yuan production of Shanghais will a family car is fulfilled.

Zhang says.



The blast furnace commissioned at Baoshan

The factory manufectures every-thing from trolley bus motors to 300 mogawatt generators, with some products undor licence from Siemons, BBC and

The state sets a hard quota

The state sets a hard quota for only 20 per cent of the factory's production and guarantees only 20 per cent of its raw materials supplies. Zhou Baisheng, vice-chief engineer of the plant, says the company must obtain up to half its steel through barter arrangements.

Shanghai has begun to make money on its considerable stock of intellectual talent. All the city's universities and research centres have set un consulting companies that can provide technology for a price or a share of future profits.

Tho breaking down of internal trade barriers is turning Shanghai into a regional and national centro for economic growth. Companies throughout China come to Changhai to set up shops and small factories.

Famous Shanghai companies in turn are setting up joint ventures, and licensing techin turn are setting up ioint ventures, and licensing technology and trademarks for everything from bicycles to ping

pong balls.
Shanghat has begun to lend

The city has set up 19 spe-cialised exchanges where buyers and sellers meet and negotiate sales and barters for virtually all kinds of production and con-

mercial paths opened by national leader Deng Xlaoping's reform policies.

Shanghal has come under struck for dragging its feet on economic reforms and the reasons are easy to grasp. Nowhere does China boast such an impressive monument.

the 25-year venture domestic sales will have a leastly leastly

The single production line may seem modest by European standards but to the workers it public however. With a factory-gate price of Yuan the rural township of Anting, it is a far cry from the way in which they have made Shanghai cars for 26 years. In all that time they have turned out only 50,000, recently building sales will have rallied above current production levels. They would be rash to hope for this in public however. With a factory-gate price of Yuan 37,000—to be paid in foreign exchange rather than local currency—a Santana would be exceeded by the price of Yuan are constituted above current production levels. They would be rash to hope for this in public however. With a factory-gate price of Yuan archively and the rash to hope for this in public however. With a factory-gate price of Yuan archively and the rash to hope for this in public however. With a factory-gate price of Yuan archively and the rash to hope for this in public however. With a factory-gate price of Yuan archively and the rash to hope for this in public however. With a factory-gate price of Yuan archive rather than local current production levels. They would be rash to hope for this in public however. With a factory-gate price of Yuan archive rather than local current production levels. They would be rash to hope for this in public however. With a factory-gate price of Yuan archive rather than local current production levels. They would be rash to hope for this in public however.

BAOSHAN IRON AND STEEL COMPANY

Mu

White elephant fires up

Company could greatest white this mammoth complex, sprawling across 11 sq km to the north of Shanghai, fired its furnaces for the first time, opening a new chapter in one of China's longest running and most expensive romances with state-of-the-art technology.

Three years after the project's conception in 1978, Peking began to realize that Peking began to realize that cost overruns at Backum would break the national budget but by then it was too late to back out. Much of the equipment for the plant had been imported and cancellation of contracts would have involved millions of dollars in benalty nayments.

penalty payments. Instead Chips sacked the minister in charge of metal-lurgy and stretched out the

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The Chinese bought most of the installations on a turnkey basis from Japan, relying on Japanese feasiadequate. The sandy soil on the banks of the Yangize River would not support the weight of the blast furnace or other heavy installations, forcing them to drive more than Yuan 1bn of imported steel pilings into the ground. A 1.6 km pier stretches into a dredged section of the Yangtze, where heavy ore and

coal carriers unload. Even so. a sand bar at the month of the Yaugtze blocks ships larger than 50,000 tons.

The plant's Japanese equipment requires grades of iron ore found only in Australia, turning the plant into a long-term drain of precious foroign exchange. Carriers of 160,000 tons must offload half-their expectations. their cargoes into barges at Beiluen harbour, off the coast of Ningpo, and pass through the mouth of the river at high tide. One shipping specialist estimated the operation would add US\$6 to \$7 per ton to the cost of Basshan's raw materials.

criais.

Chinese officials are negotiating with the Australian Government for a joint-venture ore mine, the terms of which will include a buy-back arrangement for Baoshan steel The first phase of Ba

The first phase or provided which started up in Soptember, cost China 12.8bn yuan, with some Sbn yuan for equipment that huse investigations. with some son youn for equipment. From that huge investment China will produce just 3m tons of steel annually. In a second phase of the project, expected to cost another Yuan Sbn Baoshan will install a second blast fur-BY DAVID DODWELL Buy-back deal clinches project nace, a continuous casting shop, hot and cold strip mills, and another sintering plant, expanding capacity to 6.7m tons annually. THE SHANGHAI Tractor and Automotive Corporation talked for five years with eight international car manufacturers before opting for a 25-year joint venture with Volkswagen: The unique ingredient was a commitment to buy back engines, allowing the Chinese venture partner to balance its foreign exchange costs.

"An enterprise that needs to buy components from abroad but cannot earn foreign exchange is expected to enable the joint venture to balance is supported at smaller plants in China.

A big training programme is underway in West Germany. A big training programme is underway in West Germany.

At current exchange rates, when the second phase is finished, the construction cost per ton of annual capacity should be \$1,034. By contrast, the construction cost for South Korea's 8.5m ton facility at Pohang was \$422 per

China badly needs the steel that Baoshan will produce, and Shanghai will consume most of it. But only the peculiarities of socialist financing make the plant viable—the capital costs came out of the national budget. Baosban has nothing to pay back and no-thing to depreciate.

China did learn a few les-sons. "When the investment

is so large and construction period so long, don't do it all at onco." says Mao Shunfa, an official of the plant.

Steven Butler

Muted celebration on open-door policies

SHANGHAI REMAINS the most important focus for China's trade with the outside world, but its predominance has

Most cities in China are cele-brating new liberties and accelerated growth that have come as a result of the nation opening up to the outside world. Shanghai's experience sioce 1979 has not been so clearly a cause for celebration. Exports have stagnated, while imports have soared.

officials say the figures are no cause for alarm. Exports that in 1979 amounted to U\$\$3.68bn had slipped to \$3.59bn last year, end are likely to fall further this year. After accounting for more than a quarter of China's exports in 1979 Shanghai now accounts for 14 ner cent accounts for 14 per cent.

Several factors made this decline inevitable, officials say:
•Economic liberalisation has given inland cities like Nanjing,
Wuhan, Wuhu and Chongqing the power to export directly rather than channel their manufactures through Shanghai.

Rising domestic demand has made it more jucrative for local manufacturers to sell on to the domestic market rather than

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produce for export.

Slow economic growth among main trading partners, particularly tha U.S., has stunted

Trade DAVID DODWELL

opportunities for raising

Paradoxically, stagnation in Paradoxically, stagnation in exports has not led to relief in Shanghai'a congested Hangpn port. But while export cargoes are now checked through customs in cities up the Yangtze, they are still trans-shipped through Shanghai before being loaded on to vessels headed for Hone Kong Janen or further Hong Kong, Japan, or further afield.

The port handled 10 im tonnes of cargo last year, compared with 84m tonnes in 1979. The increase in domestic de-

mand, inevitable after decades of self-denial by Chinese consumers, has been feit strongly in Shanghai, a city renowned for the quality of its prodocts. Manufacturers have frequently ignored export opportunities in favour of meeting lead deread favour of meeting local demand, not just because they have fewer beadaches meeting the strict quality requirements and delivery deadlines normal for exported products, but because domestic prices and profit margins are usually higher.

This would matter little if so many of these manufacturers were not busy spending foreign were not busy spending foreign exchange on overseas equipment to improve the productivity of their plant and raise the quality of products without at the same time earning the foreign exchange needed to fuod it. Shanghai's imports have risen from \$203m in 1979 to \$1hn last year, and had passed \$1.1bn by the end of August this year.

this year.
About a half of imports are still accounted for by steel pro-ducts, but much of the increase is doe to local manufacturers huying equipment from over-seas. Almost 400 pleces of equipment were imported last year, at a cost of \$480m.

The short-term answer to this loss of foreign exchange has been to make it much harder for Shanghai companies—and manufacturers throughout China—to win approval to spend foreign currency either to buy equipment or for joiot

The long-term answer is to adjust the centrally-administered price-fixing system for domestic sales which is feather-bedding local manufacturers. This could be done by lowering agreed procurement prices or agreed procurement prices or by devaluing the national cur-rency, which would make ex-

Currency obstacle to foreign footholds

United Development Company, which started to clear 213 hectares of farmland 30 km south-west of Shanghai in 1983, has now completed infrastructure and construc-

infrastructure and construc-tion of a 2,000 sq metre model factory and is hoping to sell or reut to a foreign company.

Minhang Industrial Zone was designed to solve a criti-cal problem for foreign com-panies of finding land and building space with adequate services. Shanghat also boasts a new residential, botel, and office area for foreigners, the Hongqiao zone, west of the city. Caohejing Microelec-tronics zone, aimed at sup-porting Shanghat's growing role as China's high-technorole as China's high-techno-logy leader is on the drawing

oerd. Shaughai has taken pains to assure that companies can move into Minhang with a minimum of fuss and has expanded the highway to the city. It is 26 km from the



The development company hopes to make a profit on Minhang. It is a joint venture, with 35 per cent of its Yuan 100m equity held by Hong Kong branches of mainland-

The company hopes to earn money providing services to tenants rather just collecting reuts. It will build factories to a customer's specification. Minhang says it is talking to some 20 companies about

industrial projects or opera-tions that cause neavy polintion. It is also interested in high-technology operations. But so far Minhang has no

Minkang is stumbling at the obstacle facing all foreign investment projects - ho

currency directly.

Hongquiae will provide modern facilities for the foreign community, but some foreigners are unhappy about

STEVEN BUTLER

airport, has a feeder rail link into the national systems, and a wharf is under construction near the complex that can accommodate 3,000-ton ves-

controlled banks.

It has spent close to Yuan 80m preparing the site, building the model factory, a warehouse, a service centre and an Aministration building. It expects to spend more than Yuan 200m constructing a hotel, apartments, restau-rants, and more warehouses and transport facilities.

moving into the zone, including Xerox, Pepsi-Cola, and Johnson & Johnson

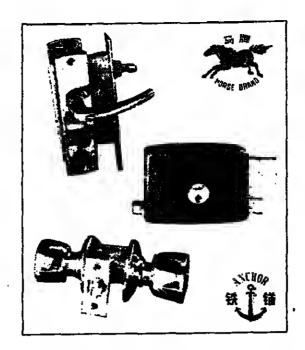
customers. "We want companies to set up export industries," says an official of Minhang, "But most companies want to sell to the domestie market."

earn and repairiate profits in foreign currency.

Tha Hongquiao new district, shout halfway to the district, about hairway to the airport, may face an easier task of finding foreign investors. It will provide office and residential space for consular services and foreign businesses and earn foreign

moving out of the central city into a sterile tureign ghelto. Consulate would be forced to abandon their beautiful old restored mansions.

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the rising tide of container traffic Expansion exposes weak links

In spite of investment, facilities are still inadequate to handle

IN MID-OCTOBER 160 ships in Shanghal Harbour queued for a berth to unload. That was an improvement over July end August, when the authorities took emergency action to relieve severe congestion in the port.

Some 500 soldiers were deployed to speed movement of

cargo—a step that had little practical effect since a shortage of manpower was never the

More to the point, the Gov-ernment said it would selze and

for the first time and this year it should reach 115m tons. The increases, a product of China's open-door policy, have exposed not just a weak link, but an solution of the company of the care in the company of the company of the care increases. The increases, a product of China's open-door policy, have exposed not just a weak link, but an solution of the care increases. The company of the care increases of the company of the care increases. The company of the care increases of the company of the care increases. The company of the care increases of the company of the care increases. The company of the care increases of the company of the care increases. The company of the care increases of the care increases of the care increases. The company of the care increases of the care increases of the care increases of the care increases. The care increases of the care increases of the care increases of the care increases of the care increases. The care increases of the care increases

Harbour STEVEN BUTLER

ture that stretches from the berths and cargo handling to a shortage of trucks, railroads, roads, and warehousing. The Container Handling Cor-

The Container Handling Corporation has rapidly improved its ability to take containers off ships and pile them was a state of the constraint on the constrai

port, handling 36 per cent of the nation's cargo, making it one of the 10 busiest ports in the

The harbour has 96 berths, with 45 that can accept ships up to 10,000 tons. In early October, the largest ship to call at the inadequate chain of infrastrucslipped across the sand bar at the mouth of the Yengtze River

auction all cargoes not removed from the docks within 30 days. Factories were using the docks for long-term storage. Breaking cargoes as they used their contents. Tha move prompted a search through the city for temporary warehouse space in school or factory buildings.

"The facilities in Shanghai and primitive. Many cargo the bond for the first since 1981.

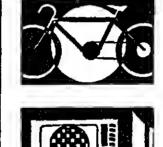
The docks are short of straddle carriers that can move the long term, a plan currently on favour calls for building a new harbour with 100 herths along term aplan currently in favour calls for building a new harbour with 100 herths along the Baoshan steel complex. But building a new harbour where their cargoes, leaving the empty containers. They come dockside to break and retrieve their cargoes, leaving the empty containers. The port is piled high everywhere with empty containers. A dramatic improvement in harbour facilities would be useless without an even more massive improvement of urban infrastructure.

A dramatic improvement in harbour facilities water, and continuous dredging.

A dramatic improvement of urban infrastructure.

A dramatic improvement of urban infrastructure.

"No matter what we do we cannot solve the problem." says



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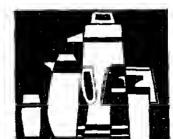




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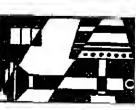


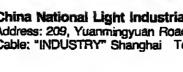














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Shanghai Stationery and Sporting Goods I/E Branch Shanghai Toys I/E Corp

China National Machinery I/E Corp,

Farmers gain from better outside links

Rural Hinterland

STEVEN BUTLER

ON THE third floor of a workon The third floor of a work-shop in Malu town, 28 kms west of Shanghai, a dozen women sit in front of drill presses and bending machinery, shaping and cutting metal tubes that they pass to an assembly line on a pass to an assembly line on a long table. There the tubes are joined, wheels put on, and febric attached.

The women-officially regis-tered as farmers in China's popu-lation books—are assembling baby pushchairs. For many, assembly is complete only after the women stitch on a safety label for the U.S. state of

Malu's growing commercial links with the world are a ready benefit being close to Shanghai. The pushchair assembly operation is a joint investment with a city factory, which supplies semi-finished parts and markets the products. Soon a high-speed road will link the town to the

The workshop is what Chinese leader Deng Xiaoping had in mind when his reform policies encouraged farming villages to diversify from agriculture and hreak down administrative harriers to trade. Malu has turned into an industrial town

that farms as a sideline. In 1958 Malu's gross value of production was Yuan 2.48m, less than half a per cent from non-agricultural sources. Last year production reached Yuan 109.41m and a mere 8 per cent came from harvesting. The town exported Yuan 34m-worth of goods, including toys, garments, flavouring extracts, dried mushrooms and garlic.

Closer to the city, towns—the antecedents of Mao's nowdefunct rural people's com--specialise in lucrative commercial vegetable production for Sbanghai's 191 staterun and 101 private markets.

of the city, each evening farmers wheel in carts piled wiht green vegetables at the rate of 125 tons per day. The procurement station distributes the produce overnight to up to 60 state-run markets, losing money on each head of cahbage or bundle of spinach.

The purchase station buys vegetables for about 0.15 fen (Yuan 1=100 fen) per kilogram, spends 0.05 fen to distribute it, end sells it to the consumer at 0.13 fen. Citywide, the Shanghai Vegetable Cor. the Shanghai-Vegetable Cor-poration lost close to Yuan 60m last year in its efforts to keep a steady flow of food into the city while holding prices under

The city does make pricing mistakes. Last year the supply of pork petered out because farmers could not make enough profit. The city responded in the spring by lifting the pur-chase price of pigs and decon-trolling pork prices. Now there is a severe shortage of pigs, and the market price of pork has jumped by about 60 per

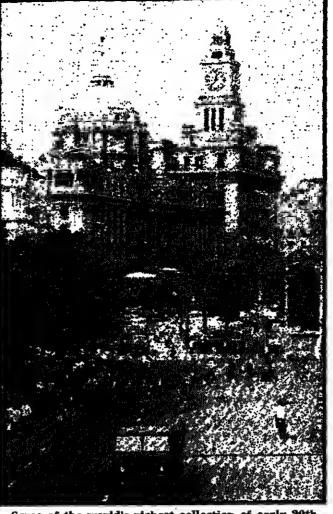
That price rise has helped lift turnover totals in the free markets to a point that they often rival neighbouring staterun markets, where produce is plentiful and cheap hut often much lower quality.

The state still controls about 80 per cent of fresh produce sales, according to the Shanghai Vegetable Company, giving it a commanding control over prices and protecting consumers from the sometimes rapid swings of price on the much thinner free market. Nonetheless, many city residents—especially those on fixed income—complain that they have not been able to keep up with prices.

Farmers have benfited in recent years. A fresh crop of two-storey houses dots the countryside outside of Shang. hai, and 25 sq metres of housing per capita in Malu is roughly five times the average for Shanghai city,



Chickens on sale at a street market



Some of the world's richest collection of early 20th

Propaganda still retards quality

Film Industry

ROBERT THOMSON

IN THE studios of the Shanghai Film Corporation the tragic Film Corporation the tragic irony of the Cultural Revolution still furrows hrows. Two decades ago, the corporation was thrown into disorder when a one-time actress, Jiang Qing, the wife of Mao Tsetung, used it as a starting point for the radical drive of the revolution.

The corporation's director, Chen Zhigu, who had placards draped around his neck and was rusticated after the chaos began in 1966, said the studio suffered irreparable damage. The foreign perception of Chinese films is still blurred by the rhetoric-laced product of that period, he says.

"The cultural revolution started in the field of film. Jiang Qing listed a number of films she regarded as capitalist. She listed all the films that our studio produced after liberation." Chen says.

"We were considered demons. They said there was not a good.

They said there was not a good person in the film studio."
The corporation was horo in 1949 after the Shanghai film industry's resources and talent were commandeered. Shanghai made its first feature film in 1913. Now Chen wants to im-prove technology and enterprise by attracting foreign studios in

joint ventures, The studios make about 20 features annually as well as TV dramas and animated films, Chen considers a joint film venture could make a commercially viable product without making a "commercial" film. "We have the topics here. We could make a film that uses

the mystery of Tibet as a back-ground. It could make money and entertain as well as have social benefits," he says.

social benefits, he says.

The quadity of the Chinesa film industry is still retarded by the apparent need to score propaganda points. Chen says propaganda value is not considered in the making of a film, but the films show a different conclusion. College Girls' Dormitory,

which won second prize in the Ministry for Culture's 1983 award for culture's 1983 award for outstanding films, tells the soap operaish story of Kuang, an impoverished young girl trying to pay her way through university in working as brick labourer.

Other recent films include cide Marry Whan They are Girls Marry When They Are Old Enough, The Happy Bach-elors. This Isn't a Misunder-

of the ideologically sounding titles, Chen maintains that if a film has no artistic value it has

no social value.

"Now China has a propaganda campaign about hirth control. We should not make a film just to co-operate with this campaign. The social value is not only to educate, it is to amuse. No matter how much you emphasise the social value, only by means of artistic value can social value be gained," ba

The quality of the corpora-tion's films has improved in recent years. Of particular merit have been Two Sisters on a Stage, which collected a clutch of overseas awards in 1980, and the more recent The Rest at the Foot of the Mountain, described by Chen as a better examination of the sorts of themes treated in The Deerhunter, one of his standing, and Dong Blwu—a in The Deerhunter, on Veteran Revolutionary. In spite favourite foreign films.

Pressure rises on unique building legacy

Heritage Protection

STEVEN BUTLER

WALK along the Shanghai Bund easily inspires nostalgia for an era that is long gone. Great towers of carved granite stand watch over the Hwangpu River, harking hack to the 1920s and 1930s, when each builder, flush with cash from Shanghal's booming economy, tried to con-struct the tallest and most lavish structure in Asia.

Across the old Avenue Edward, now Yenan Road, the architecture immediately acquires a French accent in the quires a French accent in the former French concession. Sprawling stucco mansions with rich bardwood interior panels stretch for miles west of the river, giving further evidence of Sbanghai's earlier incarnation as one of the world's great cosmopolitan city.

South of the foreign conces sions, the old 16th century Chinese city remains, complete with scholars' garden and tea house. The decrepit state of house. The decrepit state of most huildings deepens the sense of nostalgia. Thick layers of grime blacken the stone. Crude iron grates and guard boxes roughly intrude on what once were stately marble vestibles. Canvas window awnings are thick with dirt, and sometimes a bare metal frame is all that remains. is all that remains.

The bar in the old Shanghai Club, once said to be the longest in the world, has been chopped off.

Not all bas fallen into disrepair. The drab exterior of the city hall, once headquarters of the Hongkong and Shanghai and will be joined to a new Banking Corporation, hides an botel tower.

interior in pristine condition, with polished marble floors, tile city says that while everyone

inlays, and delicately painted vaulted cellings. The Bank of China recently spent Yuan im to restore tha interior of its Shanghai head-

Shanghai's legacy of granite, marble, and brass is often more

to save. In Shanghai, the neglect of the city has ironic ally preserved what is probably the richest, most diverse collection of early 20th century archi-tecture found anywhere.

Now that the city is duc for redevelopment, it is awakentiog perhaps too slowly to the fact that it has a unique physical legacy to preserve. The coming years will set a crucial precedent as pressure grows more intense to make the most economic use of limited land resources.

"Shanghai is an international architectural museum." says. Chai Xixian, of the city planning and building administration. "No other city in the world has this, and we want to preserve it."

preserve it."
Plans call for protection and restoration of all the buildings along the waterfront down to the new passenger terminal. Behind the Bund and to the south, huildings may he selectively cleared to make way for tively cleared to make way for new office towers.

The old Chinese city will be preserved for 300 metres around the 16th century Yu Gardens with regulations thet limit structures to three stories and structures to three stories and set style specifications. The city plans to rebuild Nanjing Road—China's most famous shopping avenue—preserving nausual huildings such as Duo Yun Xuan, the city's most famous painting store, built in 1900. In recent years hundreds of shops have rebuilt their interiors and installed alumi-num and glass frontings.

<u> Lilli</u>

Soundings coming out of city hall are heartening, but no one knows whether architectural codes in the drafting stage will have teeth. The back of the luxurious Jinjiang Club. formerly the Cercle Sportif Francais, has been ripped apart and will be joined to a new hetal toware.

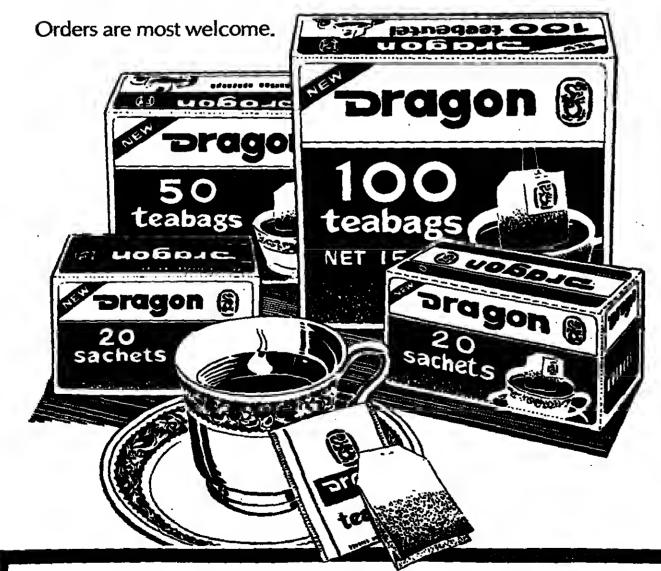
city says that while everyone agrees on the principle of preserving the city's heritage; "There is a willingness to make exceptions that can diffuse the

whole programme."

If the city fails to act, ha warns: "Future generations of Shanghalnese will curse the Government for falling to preserve a city uniquely representative of the carry 20th consure." notable for opulence than fine taste, yet it is an architecture that hundreds of cities in the tive of the early 20th century."



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SECTION II - COMPANIES AND MARKETS

FINANCIALTIMES

Tuesday October 29 1985



Takeover

for Bank

of Helsinki

BANK of Helsinki (BoH), Finland's

smallest commercial bank, is the object of a fierce takeover battle be-

tween two of its larger competitors.
Skopbank, the Finnish savings
bank group, started the country's
toughest takeover fight last Thursday when it announced that it held

and was offering FM 66 (\$11.70) for the remainder - a FM 13 premium over the price at the time on the

stock exchange. Last night Union Bank of Finland

cent, including apparently a block

of some 4 per cent reported to bave

gards both bids as unwelcome and

has hired its own financial adviser

to fight off all attempts to gain con-

trol. Last night, however, it wel-comed the Union Bank statement

as an indication that equity control

of BoH was likely to remain di-

Skopbank, which has assets of FM 15bn, bas offered negotiations

on possible co-operation to BoH, which regards the equity purchase as unnecessary for cementing ties between the two banks. BoH bas been a target for take-

over rumours for some time. Skop-

bank said last week it did not re-gard its own bid as a step towards a merger. Rather, it was seen as a de-fensive move

Independent analysts estimate

that Skopbank's bid is unlikely to

attract more than 10 per cent of the shares. BoH bas 38,000 sharebol-

ders, with the second biggest, Konstsamfundet Fund, controlling 9.2 per cent. The third biggest is the

Insurance company Sampo with 15.1 per cent. The three largest

shareholders have already started

negotiations.

battle

GM pulls out of *Enasa bid talks

By David White in Madrid

GENERAL MOTORS of the U.S. has postponed indefinitely its plans to take a controlling stake in Enasa, the Spanish group which manufac-tures Pegaso lorries.

A meeting between representa-tives of the two companies last-week ended inconclusively and the presently state-owned Spanish group said they were not ready to start a second phase of negotia-tions.

The U.S. group had decided to withdraw from takeover talks until it had worked out its overall European plans in the sector and looked into the alternatives, it said.

However, GM and Enasa have drawn up the main kines of an in-

drawn up the main lines of an industrial plan for the loss-making Spanish group, which they have been working on jointly since they agreed at the beginning of this year to study the possible benefits of a link-up.

Enasa, from which International Harvester of the U.S. pulled out in 1982, said it would meanwhile continue studies on its own. No further meeting with General Motors bas been fixed.

The plan drawn up by the two companies under their "memoran-dum of understanding" in January would involve the loss of 1,600 jobs - almost a fifth of the workforce -and the negotiation of aid from the Spanish Government

Unions at Enasa say they will op-pose any cuts and demand a say in the takeover negotiations.

If the GM takeover falls through,

Enasa is expected to seek an alternative deal with Toyota of Japan. which has proposed a looser kind of

* Norcem looks for NKr 275m in full year

By Fay Gjester in Oslo

NORCEM, the Norwegian cement and building materials producer, which is also involved in a number of offshore drilling-related activi-

continue and to lift pre-tax profits for 1985 to NKr 275m (\$34.6m) from NKr 199m last year. Eight-months profits rose to NKr 142m, from NKr 112m a year earlier, on turnover of NKr 2,59bn (NKr 2,16bn).

Particularly good results were achieved by the cement division, which increased deliveries to the domestic market by 14,000 tonnes to 987,000 tonnes in the eight

Deliveries of cement and clinker to markets in New York and West Africa were also up - by 77,000 tonnes to 772,000 tonnes. But in Nigeria, import restrictions depressed sales volumes of Eastern Bulkcem Company, in which Norcem is a minority shareholder.

Sales of oil-well cement increased, both to the North Sea and m the United Arab Emirates.

· In the offshore division, improved results were reported by service companies Morco (well drilling and maintenance), Anchor drilling fluids, Norsea Base and Norsea In-

accepting scrip dividends.

Swire Pacific Limited

Interim Dividends for 1985

closing date for the lodgment of election forms in Hong Kong and in London from the holders of 168,609,601 'A' shares and 247,535,528 'B' shares. Accordingly, the tollowing new shares have been allotted to shareholders

.Number of

new shares

issued

1,618,180

Certificates for the new 'A' and 'B' shares, to-gether with dividend warrants for the minimum cash dividends of 1.0c per 'A' share and 0.2c per 'B' share and for the other cash dividends for which elections

were received, will be despatched to shareholders

were received, will be despatched to shareholders on 1st November, 1985, the Hong Kong Stock Exchange has granted permission for the shares to be quoted and dealt in from that date.

By order of the Board

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Secretaries

Election for cash dividends were received by the

Chrysler earnings soar above Ford's in third quarter

BY TERRY DODSWORTH IN NEW YORK

ter, increasing both its operating and net profits while its competitors' results were undercut by aggressive sales campaigns.

The strength of Chrysler's activity in the quarter was highlighted by the fact that its net profits of \$318.2m amounted to \$3m more than the earnings reported by Ford last week. Over the first nine months of the year, Chrysler's net income of \$1.42bn was not far be-hind Ford's \$1.80bn, although its sales of \$15.87bn were less than half of Ford's \$38.7bn.

Analysts attributed Chrysler's al scheme in the quarter, offering rates as low as 7.5 per cent at one point. But while that tactic undermined the profitability of both Gen-eral Motors and Ford, the extra vol-ume generated by Chrysler showed through in earnings.

CHRYSLER, the U.S. car company end. The deal is expected to cost that was virtually written off six Chrysler around \$1bn a year, but years ago, outperformed General Mr Lee Iscocca, chairman, said yes-Motors and Ford in the third quar-terday that the company could ter, increasing both its operating "handle" the settlement if it was able to negotiate appropriate changes in work rules. Talks on such alterations are proceeding after the workforce returned from a one-week strike yesterday.

Chrysler has also managed to re-duce its costs compared to its competitors by increasing the amount of components it buys in from outside the company.

This year's net earnings for the quarter, the equivalent of \$2.75 a share, compared with \$281.8m, or \$1.88 a share in 1984, and were achieved after a tax charge of buoyant performance largely to its \$135.6m against a tax credit last lower costs. Like the two larger U.S. year of \$113.4m. Operating earnings motor groups, the company launched a low-interest promotion-\$4.5m against \$4.1m.

In the first nine months, earnings of \$1.42bm, or \$12 a share, were down from \$1.77bm, or \$13.97 a share in the same period of 1984, while this year's sales compared to \$14.2bn last year.

Some of the advantage may be lost to the company through its new labour contract, which was accepted by the workforce at the week-

Bayer expects best year since the war

BY JOHN DAVIES IN FRANKFURT

BAYER, the West German chemical to 80 per cent of Bayer's sales and pharmaceutical group, is bene- revenue. . fiting from a further strong surge in

iting from a further strong surge in ales this year.

Last year the group boosted world sales by 15.3 per cent to DM
Herr Hermann Josef Strenger, 43bn, with net profits after tax inthe chief executive, said Bayer was creasing 55.7 per cent to DM 1.17hn. heading for its best year since the Along with BASF and Hoechst, second world war. He did not give the other two big West German details on likely earnings. the other two big West German details on likely earnings. Herr Strenger said Bayer's world dividend of DM 9 a share on last sales revenue reached DM 35.5bn year's earnings. With all three (\$13.5bm) in the first nine months of chemical concerns performing this year, up 2.6 per cent on the strongly this year, there has long same period last year. Sales revenue for the whole year is expected dividend increase.

to rise 8 per cent to about DM In the first balf of this year, of offshore drilling-related activities, reports a strong increase in sales and profits during the opening eight months of 1985.

The improvement, affecting all the group's divisions, is expected to continue and to lift pre-tax profits and foreign production had continue and to lift pre-tax profits and foreign production had a to lift pre-tax profits up 11.5 per cent at DM 1.7 bn.

In the first ball of this year, BASF lifted sales 11.9 per cent to DM 24bm, with its group pre-tax profits up 37.3 per cent at DM 1.7 bn.

Hoechst's world sales rose 7.3 per cent to about DM and the first ball of this group pre-tax profits up 11.5 per cent at DM 1.7 bn.

The improvement, affecting all the foreign production had continue and to lift pre-tax profits up 11.5 per cent to DM 22bm in the first ball, with pre-tax profits up 11.5 per cent at DM 1.7 bn. been particularly strong, making up at DM 1.65bn.

Deteriorating markets hit Elkem earnings

By Our Oslo Correspondent

mining and manufacturing group, blamed deteriorating world markets for aluminium, silicon and ferro-alloys, for a sharp fall in nine-month profits from NKr 372m to NKr 274m (\$34m), despite a NKr 995m increase in sales to NKr 8.49bn. Third-quarter profits were NKr 18m, the lowest quarterly re-turn since 1982.

In North America, where Elkem owns and operates a number of the period was described as encou-ferro-alloy plants, the market was "particularly weak," and the group's "Elkem shares were quoted on the "particularly weak," and the group's third quarter. Further rationalisation measures are being imple-company has been list mented to improve results. The since the end of May.

Proportion of

existing shares in issue

1.5327%

ELKEM, the Norwegian metals, group's problems in the U.S. have been aggravated by the high value of the dollar, which has encouraged imports and it says that in the long largest ferro-alloy producers in

Profitability of the finished prodncts and minerals divisions during

activities operated at a loss in the Frankfurt Stock Exchange for the first time on September 30. The company has been listed in London

No change at top of AMC

By David Marsh in Paris

THE senior management at American Motors Corporation, the U.S. car maker owned 48 per cent by Renault of France, has remained in place for the time being after a board meeting of AMC in Paris on

Friday.

M Jose Dedeurwarder, the pres ent AMC chief executive, who has been tipped to take over as chair-man and also as Renault's Parisbased sales and marketing director, will thus stay in his present job for

Strong gains for Erbamont

By Alan Friedman in Milan

ERBAMONT, the Netherlands Antilles-registered pharmaceuticals subsidiary of Italy's Montedison group, yesterday announced a 90 per cent rise in net profits for the first nine months of this year to L63.5bn (\$35.6m).

The rise was recorded on consolidated sales up 18 per cent at

Flood of floaters launched

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

A RUSH of new floating-rate note a margin of % per cent over threeissues totalling \$550m reached the month London interbank offered Eurobond market yesterday as rates (Libor). There is a maximum fixed-rate bonds slipped in the coupon of 13 per cent and a miniwake of a weaker trend on Wall mum of 8 per cent.

by recently announced decisions by several borrowers to call higherover from last week, yesterday's of-fering left the market feeling sated both for regional U.S. banks. First and some of the paper encountered Bank System launched a \$200m, 25-

Homestead Savings and Loan of California is raising \$150m through a 10-year issue led by Credit Suisse

Street. Crossland Savings and Loan of Dealers said issuers were seeking New York Isunched a \$100m, 12-to benefit from the window created year issue through Salomon Brothers. It bears the same margin as the Homestead deal, but there is a maxyielding older issues. But, added to imum coupon of 13% per cent which the spate of floating-rate notes left comes into effect after three years.

resistance.

Among the deals were two for U.S. savings and loan institutions, both collateralised by beldings of government mortgage securities and both incorporating the maximum coupon feature, which allows a higher current yield than normal.

Homograph Savings and Logs of Rangey Parisas and Chamical Chamical Parisas Chamical Chamica with a margin of 1/12 per cent over indicated coupon of 4% per cent.
three-month Liber. Co-leads are The conversion premium will be Banque Paribas and Chemical

lopments in the Japanese bond market and news of impending U.S. Ecu tranche. Treasury financing needs. A lone iswas a \$100m, seven-year bond for Kansai Electric Power, which ironically is aimed at Japanese inwas not clear how it was being re-

ceived last night. In demand however, was a twopart convertible issue for BTR, the which is led by Swiss Bank Corpor-ation International and traded over its par issue price yesterday after-noon. One tranche is for \$150m with an indicated coupon of 5 per cent and the other for Ecu 170m with an The conversion premium will be 4

to 5 per cent, but an unusual feature International. is that investors will have the op-The fixed-rate dollar market saw tion to redeem their bonds for a dol-an issue price of par.

erage amid cootinuing concern over five years. A similar option with a yield of 8% per cent exists for the

Continental markets also weak ened, especially those for Ecu bonds and D-Mark issues, which ironically is aimed at Japanese investors and bears a 10% per cent coupon and an issue price of 101%.

Nomura is leading the bond, but it lira sector, where a L50bn, five-year issue for United Technologies was well received. It bears interest at 13% per cent and an issue price of par and is led by Banca Commer-ciale Italiana alongside Murgan

Guaranty.
Euroyen issues were marked down by more than I point yester-day morning, following the trend in Tokyo, but recovered most of those losses in the afternoon. Terms on the new Y10bn private placement in Mexico bave been set with a 7.5 per

First Boston and bearing interest at price falls of around % points on av- lar yield of 9% to 9% per cent after International bond service, Page 20

beeo sold by Beijerinvest, con-trolled by Mr Anders Wall, the Swedish financier, at around FM 18 BoH, with assets of FM 9.3bn, re-

Japanese government bonds fall further

BY CARLA RAPOPORT IN TOKYO

PRICES of Japanese government bonds continued to fall yesterday in thin trading as financial markets remained nervous about the future trends of Japanese interest rates and the value of the yen.

Spots and futures prices of government bonds were depressed. On the spot market, the 66th long-term ber contract, which is the most government bond, a market indica
tor of large-lot transactions, was about to Y96.63. Futures volume totalled Y51bn, leaving Y855bn worth of selling orders unfulfilled. Short-term interest rates continued to firm, with the two-month discount rate up to 7.8 per cent compared with 7.5 per cent last week. Interbank call and bill discount rates climbed to 7.75 per cent, irrespoyerment bond, a market indica-

vars to the dollar for the principal

year and is exporting a quarter of its output, did not take up the full

Despite the bearish note in the bond and money markets, the Tokyo Stock Exchange yesterday raced ahead, with the Nikkei market average gaining Y104.41 to close at Y12.937. Traders said that a big blue chip rally led the way,

.

Venezuelan group to sign \$80m rescheduling

BY RICHARD JOHNS IN CARACAS

PLASTILARGO, a Venezuelan petrochemical concern, and a consortium of banks headed by Chase classed as a private sector company
Manhattan, are due to sign an \$80m although the state-owned Pequiven, to the preferential rate of 4.3 bolitrans. refinancing agreement in Paris on an affiliate of Petroleum de Venezu-

November 5.

The deal will be only the second
The deal will be only the second The secon

Amax loses

in nine months By Kenneth Merston, Mining

over \$500m

AMAX, the U.S. diversified natural resources group struggling with low metal prices, has suffered a further net loss of \$88.2m, equal to \$1.37 a share, in the third quarter.

This follows a record loss of \$394.9m in the previous three months, which included a \$350m provision against losses on proper-ties and investments.

The company's total net loss for the first nine months has risen to \$518.4m, or \$7.78 a share. This compares with net earnings of \$21.1m in the same period of 1984 which were after pre-tax gains of \$26m from sales of coal and domestic oil and gas interests plus a tax credit

During the latest quarter the two big molybdenum mines in Colorado were closed for nine weeks to reduce stocks. A \$32.2m loss on open tions during the period lowered the nine-month profit on operations to only \$4m from \$177.6m in the same period of last year.

This year lower prices have pre-vailed for aluminium, silver, lead, zinc and oil while coal and iron ore earnings have fallen and there has been a loss on copper processing

Amax has been following a dreconian programme to cut costs. The quarterly dividend has been omit-ted, and there have been sizeable sales of assets and severe reduc-

Inco stays in black for third quarter

By Our Financial Staff INCO, the big Canadian nickel producer, has continued in the black in

the third quarter of 1985, although profits have fallen from secondquarter levels. Net earnings for the latest three months were U.S.\$11.6m or 5 cents a share, compared with a loss of S36.1m in the third quarter of 1984 and a profit of \$20.9m or 15 cents a

share in the second period of 1985. For the first nine months profits turned out at \$44.6m or 25 cents a share, compared with a loss of \$81.8m. Revenues edged up from \$1.08bn to \$1.11bn, but slipped in the latest quarter from \$323m to \$314m.

The company recently announced plans to buy half of its C\$250m (U.S.\$183m) floating-rate preferred shares, Series A, in a move to strengthen its finances.

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4

Hong Kong

Swire Pacific Limited
The Swire Group

'A' shares

CONSOLIDATED **FINANCE GROUP**

Financial highlights for the first six months of 1985

(£MILLION)	30/6/85(1)	31/12/84
Shareholders' Funds	496.7	448.5
Customers' Deposits	8,333,4	8,207,8
Bills and Loans	5,186 <i>.</i> 4	5,100,7
Total Assets	12,755.7	11,913.6

	1985	1984
	<u>six</u>	FULL
	MONTHS (1)	YEAR (2)
Operating Margin	339.1	586.2
PROFIT BEFORE TAX	58.7	86.9
Taxation	(12.0)	(17.5)
Minority Interests	(3.1)	(5.0)
NET PROFIT	43.5	64.4
E.P.S. (pence)	92	144
(1) I Inquesitade full or	dita of financia	,

- (1) Unaudited: full audits of financial statements made each year-end.
- (2) Consolidated half-year figure available for first time in 1985.
- (Conversion rate: £1=266 pesatas)
- ★ PRE-TAX PROFITS for the first six months of 1985, at 13,264 million pesatas (£58.7 million) show an increase of 35% over average half-year figures for 1984.
- ★ FIRST HALF RESULTS for 1985 reflect a general improvement in ratios for profitability, margins and yields.
- * FORECASTS FOR THE FULL YEAR imply that Group objectives as regards growth, net profit and EPS should be comfortably met.
- * BANÇO DE BILBAO is listed on the London Stock Exchange with effect from 25th April,

U.S. \$250,000,000



FLOATING RATE DEBENTURES, SERIES 9, DUE 1996

(Subordinated to deposits and other liabilities)

For the three months 29th October, 1985 to 29th January, 1986

In accordance with the provisions of the Debenture, notice is hereby given that the rate of interest has been fixed at 8%s per cent and that the interest payable on the relevant interest payment date, 29th January, 1986, against Coupon No. 7 will be U.S. \$215,67,

Morgan Guaranty Trust Company

DAIWA EUROPE LIMITED

JAPANESE EQU	ITY I	MARI	RANTS	SE	RAICI	<u> </u>
The Carva Warrant Index 1' (-000 ≈ 02-Jan-1985)			liar warr		es value	
	Current	Marke	Prices	Offer	Calcula	tions
ISSUERWarrant expiry date	BIO	Wra1 OFFER	Price Pr	- mlum	Geza G	MHIM!
	(**)	(%)	(Yen)	(%)	100	Retio
AICA KOGYO 17/8/90 CASIO COMPUTERS 6/3/89	21.00	22.50	750	18.76	everage 5.04	3.73
CASIO COMPUTERS 6/3/89	21.00 55.00 35.60 56.00	55.50 37.00	750 1,680	0.50	2.49	2.65
C	56 00	60.00	416 416	10.14 28.21	3.5Z 2.18	2.88 13.04
L OCIVA MINING 2017/40	21.50	12,50 23.00		41.87	7.04	5.95 8.21
FUJIKURA CABLE 28/4/89 HAZAMA GUM! 1/11/89	1100	72.50	351 365 353 816	\$1.87 \$4.24 42.65 40.02	7.20	5.92
J.S.R. 28/4/89 JUSCO 22/12/88	10.50 83.00 20.50 16.00 31.50	12.00	353	40.02	7.20 7.02 2.05	5.92 8.70
KAYABA INOS 15/2/89	20.50	22.00	299	11.17	5.41	2.08
KAYABA INOS 15/2:89 KOKUSAI KOGYO 18/9/90 KOMORI PRINTING 20/12/89	10.00	22.00 20.50 33.00	299 1,650 2,250 344	22 63 10.84	5.41 5.37 3.86	4.33
MARUBENI 30/9/52	16.00	17.50	344	28.47	5.84	4.88
MARUZEN 12/2/90	15.60	17.50 17.00	491	28.47 23.38	5.84	3.52
MINEBA 20/2/89 MIT CHEMICAL 20/1/87	62.00 84.00	66.00 99.00	507	52.13 21.94	1.75	29.71 12.95
MINESA 20,2789 MIT CHEMICAL 20/1/87 MIT CORPORATION 7/11/88 MIT ESTATES 18/10/92 MIT GAS & CHEM 20/3/83 MITSUI E/S (OLD) 10/12/87 MITSUI E/S (OLD) 10/12/87 MIT METAL (NEW) 15/10/18/83 MITSUI E/S (OLD) 10/11/83 MIT METAL (NEW) 10/11/83 MIT METAL (NEW) 10/11/83	34.00	35.50 26.00 36.00 13.00	800 507 563 1.050 405	21,94 11.43	3.69	3.10
MIT ESTATES 16/10/92	24.50	26.00 36.00	1.050	31.82 9.00	3.75	8.43
MITSUI E/S (NEW) 15/10/88	11.50	13.00	159	15.19	3.64 7.98 4.04 1.55	2 20 2 29 3 94
MITSUI E/S (OLD) 10/12/87	30.00	32.00 87.00	159 8 10	15.93 37.09	4 04	22.47
MIT METAL (NEW) 10/11/89	15.60	17.00	510	31.97	5.81	5.00
MITSUI PETRO 15/2/90	94.00	45.00	471	10,94	3.30 1.37	3.37 38.01
MITSUI PETRO 15/2/90 NIPPON MIN (OLO) 17/3/89 NIPPON MIN (NEW) 15/6/90	18.50	97.00	363 363 341 286	52.18 49.29 25.59	5.59 5.31 5.75	8.81
NIPPON YUSEN KK 18/10/90 NISBHO IWAI 1/2/88	18.50	16.00	341	25.59	5.31	4.82 2.98
NUMUNA DECD 31/10/85	75.00	10.60 76.50	1.110	7.18	2.20	3.16
CHURANASHI CIMALE M 198	68.00 10.50	70.00 12.00	394 1,460	3.02	2.43 5.58	1.24
ONODA CEMENT 28/2/90	17.50	19 00	335 530	74.90 21,73	6.11	3.56
OMRON TATEIGHI 31/3/89 ONODA CEMENT 28/2/90 OPTEC DAI-ICHI 23/2/90 OBAKA TRANSF 29/1/90	25.50 22.00	27.00	530	27.72	4.33	5.41
OBAKA TRANSF 29/1/90	22.00	23.50	520 749	18 00 24.99	8.15 4.80	3.51 5.21
RENOWN 24/1/89 RICOH 20/9/90	20 50 35,50	37.00	1,080 395 1,100	8.27	3.75 6.37	2.47
RYOM LTD 25/5/90	18.00 17.00 62.00 46.00	17,50 18,50	1 100	21.02 22.03	5.44	3.30 4.05
BEIVU STORER 20/3/87	52 00	66.00		34 82	1.97	17.71
SEKISUI CHEM 20/9/90	46.00	47 FA	625	16.57	2.53	8.66
RYUBI LTD 25/5/90 SEING TRANE 17/3/89 BEIYU STOREE 20/3/87 SEKISUI CHEM 20/9/90 BONY CORP 26/4/90 SUMI CONST 24/3/89 SUMI HEAVY 24/2/89	22.00 54.00 23.50	23.50 69.00 25.00	4.050 300	32 00 5,12	4.62 2.42	9.93 2.53
SUMI HEAVY 24/2/89	23 50	25.00	238	13.99	2.42 4.73	2.96
SUMI REALTY 21/11/89 TOKYO ELECTRIC 14/3/89	97.00 13.50	98.50 15.00	926	34.86	2.08 6.17	1.94
		181.00	1.180 636	65.93	1.03	63.97
TOKYU CORP (OLD) 29/1/90 TOKYU CORP (NEW) 29/10/90 70KYU DEPT 57/85 20/7/90	85.50	87.00	517	8.84	7 19	4.04
TOKYU CORP (NEW) Z9/10/90	18.50 38.00	20.00 37.50	917 568	41.60 17.15	4.21 3.52	8 66 4 87
		38 (1)	566 526	15.34	3.37	4.58
TOYO ENG 26/2/89 YAMAMURA GLABS 8/5/90 YAMATO KOGYO 29/1/90	53 00	57.00 13.50	860	55.03	1.89	25.14
TAMAMURA GLASS 8/5/90	12.00 19.60	13 50 17.00	420 581	35.79 21.偶	7.11 8.62	6 03 3 27
MINEBA (STERLING) 15/3/90	38 (%)		800	22.71	2.68	8.48
Reuters Manitor DASF						·
Franks Clock Raussin K.	elly or Ed	Iward (Carryonah	r on D1-2	448 8090	
Daiwa Europe Limited. 14	St Paul	z Churc	chyard. L	andon E	C4M 88	D

BANK FOR INTERNATIONAL SETTLEMENTS

Pace of cross-border lending slows further

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

	A FURTHER slowdown of tota
	lending, coupled with a shift of busi
	ness away the dollar, were the hall
i	marks of international bank busi
	ness in the second quarter, accord
	ing to the latest figures from the
	Bank for International Settlement
	(BIS) in Basle.

Total international loans outstanding during the quarter rose by only \$6.4bn after an increase of \$53.5 in the first quarter, mostly relecting a decline in interbank busithe close of their fiscal year.

Despite a drop in the growth rate opean currency unit loans. non-dollar business increased its overall share of international bank lending because of a surge in Eu-royen activity after liberalisation of that market on April 1, and a reviv-al of business in the Euro-D-Mark

Euroyen lending rose by the equivalent of \$4.50n during the quarter, bringing lending in the cur-rency almost 80 per cent above its level at the end of March. Business in German currency rose by \$1.8bn. the BIS said.

By cootrest, cross-border Ecu claims recorded their smallest increase - of \$2.2bn equivalent - since records on this sector started, mainly because of the repayment of Ecu borrowings by certain large debt-ors, including \$800m in from Italian

Excluding double counting, the BIS reckons that net new credit exing industry in the second quarter amounted to about \$15bn, roughly the same amount as in the first quarter. But with large repayments tries, the bulk of the increase was accounted for by continued heavy of under review.
borrowing by U.S. non-banks (up The gross figures include, for ex\$4.8bn) and by a revival of borrowample, bond issues launched to re-

Third question

ing by countries outside the main industrial group which constitutes the BIS reporting area.

largely by an increase in borrowing by East European countries and by non-oil exporting developing coun-tries, although Latin America re-ceived no net increase in bank loans, while claims on Mexico actuafly declined by \$500m.

For the first time, the BIS in-cluded in its report a supplemen-tary analysis of developments in international capital markets generally. This is the first of a series to be published twice a year from now oo to take account of changes in the

The BIS said the need for such a report was created by financial in- 1984. practice which have blurred the former distinctions between the inter-

Its figures show that gross funds gives borrowers who have arranged raised through international bonds, such facilities a degree of financial syndicated credits and Euronote is-suance facilities totalled nearly \$116bn in the first half of this year. well above the totals of \$71bn and

\$97pp for the first and second halves of 1984 respectively, But the BIS says it is difficult to draw any conclusions from the gross figures about the actual amount of net credit intermediated by the marketplace during the peri-

1945 3 239.5m 14m 0.70

2.57

1984

N. AMERICAN QUARTERLY RESULTS

7/45,1mm 122.8em 10,78

1994

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simply to save oo costs at a time ularly favourable to borrowers. It also warns that there is consid erable overlap between its figures on bank lending and the volume of business transacted in the capital market because of securities issues

held by banks. Best estimates, after all these fac tors are taken into account, suggest that net new lending intermediated by all the markets during the first half of the year was about 570bn, n higher than it had been during the preceding six months and \$10hr

That could appear to indicate tightness in credit markets gen erally, but there is now a large vol national banking and capital ume of unused credit available in

The BIS reckons that issuance fa-cilities outstanding in mid-1965 to-talled \$480n, of which less than a

the actual sale of notes There are signs that the sale o such paper is now increasing, it said. Whereas the bulk had previously been absorbed by banks, it may be estimated that between a third and a quarter of such notes are now being placed with oco-

Florida utility agrees to buy Colonial Penn

By Paul Taylor In New York

FPL, the holding company for Florida Power and Light, one of the bigger U.S. electricity hthities, with 25m customers, has agreed to acquire Colonial Penn, a Philadelphia-based insurance group, for \$35

The deal, which marks a further liversification for the FPL group, will end uncertainty over the future of Colonial Penn, which has been an seeking a friendly purchaser for mere than a year.

In June last year, St Regis, the U.S. forest products group, agreed to acquire Colonial Penn in a deal also valued at \$35 a share. But three months later St Regio itself agreed to be acquired by Champion Inter-national, another wood and paper manufacturer, which ended up own-ing 22 per cent of Colonial Fean but showed no interest in expanding its

stake in the insurance group.
Under the terms of the new deal, FPL will acquire the Champion International stake in a two-stage transaction as part of the overall

merger agreement.
Colonial Penn, which reported
net earnings of \$51.2m on revenues of \$1.26hn last year, offers a wide range of services including life, health and property/casualty insur-ance and has specialised in market-ing its products to older Americans: About a fifth of the insurance group's policyholders are in Florida a traditional retirement area and that may account for FPL's interest in the group. Aside from its electricity business, FPL, which re-ported net income of \$302.7m on revenues of \$3.94bn last year, already has properly and energy sub sidiaries.

NOTICE OF CALL AND REDEMPTION The Bank of Tokyo, Ltd., Portland Branch

US\$10,000,000.00 Callable Negotiable Floating Rate

Certificates of Deposit due November 10, 1986 (the "Certificates")

Notice is hereby given that, pursuant to the provisions of the Certificates (rithe Bank") will prepay the outstanding principal amount of the Certificates identified below in full on November 12, 1985, the next Interest Payment Date, together with the interest accrued to that date. Payment will be made against presentation and surrender of said Certificates at The Bank of Tokyo Trust Company at 100 Broadway, New York, NY 10005. The Certificates being called are as follows:

Number of Principal Amount Against Residuals.

Number of-Certificates Principal Amount of Certificates \$1,000,000.00 \$10,000,000.00 The Bank of Tokyo, Ltd., Portland Branch, 411 SW 6th, Portland, Oregon, 97204

> NOTICE OF CALL AND RECEMPTION To the Holders of The Bank of Tokyo, Ltd., Portland Branch

Incorporates with limited habitary in Japan
US\$16,000,000.00 Callable Negotiable Floating Rate
Certificates of Deposit due November 12, 1986 (the "Certificates")
Notice is hereby given that, pursuant to the provisions of the Certificates. The Bank of Tokyo, Ltd., Portland
Branch ("the Bank") will prepay the outstanding principal amount of the Certificates identified below in full on
November 12, 1985, the next interest Payment Date, together with the interest accrued to that date. Payment will be made against presentation and surrender of said Certificates at The Bank of Tokyo Trust Company at 103
Broadway, New York, NY 10005. The Certificates being called are as follows:

Number of Principal Amounts. Aggregata Principal

Number of Principal Amount Issue Date May 11, 1983 Certificates \$1,000,000.00 The Bank of Tokyo, Ltd., Portland Branch, 411 SW 6th, Portland, Oragon, 97204

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists.

KS, DOLLAR				Char) M e	
STRAIGHTS	berned	364	Offer	day	WEST	Yield
Amey 10% 32	100	257	973g	-	-	10.98
Ames Credit 10°, 90	100 .	181 2	102		- 83 ₆	16.24
Attent Righted 10% On	250	#1 ₄	2534	— B14	+ 973	10.86
Australia Com 114 00	100	10274	10314	-1	- 112	58.8 1
Australia Com 11 95	200	10212	102	- 012	-84	16.5%
BP Capital 11's 92	75D	182	783 le	- 014	0	10.45
Campbell Sour 10'2 95	100	10014	10674		-	10.41
Canada 11'1 90	600	105	10512	o ffs	- 85	2.53
Canadian Pac 104 85	100	102	702 le		- 43e	10.25
Cenedran Pac 12's 89	75	107-4	10814		- 63s	11.33
Chevron U.S.A. 124 89	600	184 2	105	- 9%	- 01	10.70
Citicorp 10 88	200 1	993	10014	- 630	- 035	9.57
Otheory 10% 95	200	25-4	2714	-	-	11.38
Citatorp 1112 95	150	1017	1023	•	+ 825	12.20
Coca Cola 114 91	100 -	106	1055	- Q1g	- 612	10.25
Denmark Kungdom 114 89	100 -	106 4	10314	- 03	- P3	10.15
Denmark Kingdom 11's 90	100	10234	1837		- 01a	10.42
Denmark Kingdom 11'- 92	100	10274	1085	- 014	- 814	10.77
ED.F. 1095	225	951.	3574	~ DT4	- 812	16,75
EEC: 94 90	360	273-	2770		Pag	10.36
EEG 11 90	100 -	14234	10314	- 02g	- 41g	\$0,1 0
E18 1295	200	105	105	- 65 ₆	- 0 °z	18.62
Eli Lilly 104 92	150	1003	1987	-	-	16,12
Export Dev Corp 10 90	103	1972	100		- 512	16.64
Export Dev Gorp 12 80	100	1867	1067		+ 018	8.92
Fad Dep Stores 104 95	103	2512	27	- D3*	- 63K	10.65
Ford Motor Cred 179 90	100	162	1031	ā .	- 14	
Ford Motor Cred 114 92	,100	7820	163 14	- 014		11.97
Ford Motor Cred 12 95	100	104-2	195		- 6%	11.13
Gen Bec Credit 104 40	200	10012	181	- 814		16,13
GMAC 1014 90	200	10014	1000	- 04		10.04
IADB 10'2 95	450	2614	20-7		7 :	18,74
IBM Credit 10% 2000		101 .	101 18	- 87 ₆		10,15
Kellogg Company 10% 90	109_	10214		- 0%		19.00
Kellogg Company 11's 92	100	1035	10418	- 014		19.55
17.CB 294 01	100	109	100-5	- A30		40.65
Macy Cred Corp 194 95	100	10018	10008	- 624		10.05
Manus Trust 114, 90	100	1023	押り	- 614	- 44	10.57
Pulsbury Co. 104 83	546	10574	1083	-14	- 63-	11,01
Pru Reetly secs 121e 90 .	146	2770	9634		- 47	18.68
Questes Armeys 10% 95 Questes Hydro 111/2 92	100	10478	1057		- 52	18.43
Queensland Govt 10's 95	100.	385g	37 1g		- Q16	
Rateon Portos 174 85	150	1041	1045		- 950	
Rateron Puring 124, 86	100	. 1073	10778	- 0%		19.30
Sasicalchevan 10- 92	106	161 12	102	- 850		10.23
Saskatchewan 11's 20	100	1055		- 00		19.00
Statos 10 90	170-	20 %	186 18 883 ₉		- 44	18.15.
S Water Tray 114 80	150	1045	145 %	- 626		19.30
Swed Exp Cred 10 92	100	5734	26%	0	4 81a	18.41
Swed Exp Cred 124 BSKN	100	10834	18714	8	- 02	18.64
Sweden Kingdom 10°, 90	200	19178	1020E	- 41g	- 812	10,23
Sweden Kingdom 119 99	200	104	1943	- 016		10.05
Sweden Kingdom 174 94	100	70518	1655a	- 824		10.78
Termeco Corp 104 95	150	3592	507a	- 800		10.77
Texaco Capital 1095	300		9334		- 052	11.11
Texaco Cabital 11's '95 ""	230	18012	381 .	- 812		10.57
Unand Tach Fin 10% 95	160	3674	983 ₀	- 014	= \$14	19.75
Victorian Rep 114 82	150	10378	WS To	- 950	- 95 <u>m</u>	10.73

Japan Fm Corp Te 91
Missphish Hey 3° 89/WW
Missphish Hey 3° 89/WW
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This announcement appears as a matter of record only:



Athena Venture Partners L.P.

Athena, a Delaware Limited Partnership, has commenced operations in New York and Tel-Wis: The partnership will invest in and support omerging growth, high technology companies located in Israel and the United States.

Adler & Tolkowsky Management Associates L.P. Managing General Partner

We acted as placement agent.

Bear, Stearns & Co.

New York/Atlanta/Boston, Chicago/Dallas/Los Angeles, San Francisco Anisterdam/Geneva/Hong Kong-London/Paris

\$16,000,000.00

₹#

October 1985

E. F. Hutton LBO Inc.

is the principal investor with management in

H.D. Holding Company Inc.

which has acquired in a leveraged buyout

Duckwall-ALCO Stores, Inc.

The undersigned initiated this transaction, arranged for the placement of debt and equity and acted as financial advisor to H.D. Holding Company Inc.

E. F. Hutton & Company Inc.

October 1985

E. F. Hutton Credit Corporation

a wholly-owned subsidiary of

The E. F. Hutton Group Inc.

has been acquired b

Chrysler Financial Corporation

a wholly-owned subsidiary of

Chrysler Corporation

The undersigned initiated this transaction and acted as timancial advisor to The E. F. Hulton Group Inc.

E. F. Hutton & Company Inc.

October 1985

Ferro Manufacturing Corporation

has been acquired by

Johnson Controls, Inc.

The undersigned acted as financial advisor to certain shareholders of

E. F. Hutton & Company Inc.

October 1985

Emhart Corporation

has acquired

MITE Corporation

The undersigned acted as financial advisor to Embart Corporation in this transaction and served as Dealer Manager in the tender offer,

E. F. Hutton & Company Inc.

October 1985

Levitz Furniture Corporation

has been acquired in a leveraged buyout by

LFC Holding Corporation

The undersigned acted as financial advisor to the Ad Hoc Committee of the Board of Directors of

E. F. Hutton & Company Inc.

我们不知道就是被人 明日時

October 1985

ICN Pharmaceuticals, Inc.

has acquired

Micromedic Systems, Inc.

a wholly-owned subsidiary of

Rohm and Haas Company

The undersigned acted as financial advisor to ICN Pharmaceuticals, Inc. in this transaction.

E. F. Hutton & Company Inc.

Mergers & Acquisitions Leveraged Buyouts

Partners in Corporate Growth

State aid

leasing

industry

for Korean

THE SOUTH KOREAN MINISTRY

THE SOUTH KOREAN Ministry of Finance has allocated 1900s; won (\$112.2m) in concessional loans for the country's rapidly expanding leesing industry. The measure is part of a series of the series of t

EUROPEAN INVESTMENT BANK

to the holders of the outstanding YEN 15,000,000,000 EUROPEAN INVESTMENT BANK JAPANESE YEN 15,000,000,000 81/4 PER CENT. BONDS DUE 15TH DECEMBER, 1990 (the "Bonds")

> EARLY REDEMPTION ON 15TH DECEMBER, 1985 of all the Bonds by the EIB

NOTICE IS HEREBY GIVEN in the holders of the Bonds (the "Bondholders") that, in accordance with terms and conditions endorsed on the Bonds (the "Conditions"), the EIB will on 15th December, 1985, (the "redemption date") redeem all of the Bonds then ourstanding at 101 per cent. of their principal amount together with interest accrued in such date (being an aggregate of Yen 548,750 for each Bond of Yen 500,000). Payments of principal, premium and accrued interest will be made on and after the redemption date in the manner provided in the Conditions against surrender of Bonds and Coupous No. 5 due on 15th December, 1985 and all subsequent Coupous appertaining thereto at the specified office of any of the Paying Agents listed below. Failure to surrender any such subsequent Coupous(s) will result in the amount of such Coupous(s) being deducted from the sum due for payment on the redemption date. The attention of the Bondholders is drawn to the Conditions and in particular to condition 5 which contains further details regarding redemption.

FISCAL AGENT AND PRINCIPAL PAYING AGENT The Industrial Bank of Japan, Limited, 3-3, Marunouchi 1-chome, Chivoda-ku Tokyo.

ADDITIONAL PAYING AGENTS

The industrial Bank of Japan (Luxen 25B, Boulevard Royal,

43. Boulevard Royal

The Bank of Tokyo, Ltd., Paris Office, 4-8, rue Sainte-Anne,

The Bank of Tokyo, Ltd.,

Caisse d'Epargne de l'East du Grand-Duché de Luxembourg.

1. Place de Metz,

1. recebourg.

European Investment Bank

Dated 29th October, 1985.

This announcement appears as a matter of record only

99,000 shares

AACHENER UND MÜNCHENER BETEILIGUNGS A.G.

The above securities have been placed with institutional clients of



London · Edinburgh · New York · Tokyo

INTERNATIONAL COMPANIES and FINANCE

Mixed results for NEC and Fujitsu

NEC AND FUJITSU, two lead- cent to Y32.08bn, on turnover showed divergent fortunes in On a per share basis, net earn-the half-year to September, with the former far less troubled by Y18.46. the prolonged semiconductor

Fujitsu suffered severely as its sales have a higher proportion of memory chips, demand for which has been particularly affected. This was compounded by the adverse effect of the yen's steep appreciation against the dollar.

Although no substantial re-covery in the semiconductor market is expected in the cur-rent half-year, the directors of both companies yesterday indicated a feeling that the recession is bottoming out.

NEC's pre-tax profits for the six months were in line with its initial projection at Y60.08bn overall re (\$279.7m), some 13.3 per cent to accour ahead. Net profits rose 39.3 per all sales.

Change of

president

for JAL

During the half-year, NEC's sales of communication equip-ment rose 18.7 per cent to con-tribute 36.7 per cent of the total Reflecting buoyant sales of office computers, up by a half, NEC's sales in the computers and electronic equipment sector advanced by 19 per cent to account for 35 per cent of total turnover. However, electronic advanced by 19 per cent total turnover. tronic devices sagged by 20.5 per cent in sales to account for 21 per cent of the total.

Amid the recession in the U.S. personal computer market, NEC's exports of electronic devices to the U.S. slowed by 15 per cent. As a result, exports overall rose by only 0.8 per cent to account for 33.7 per cent of

duction of communication cent. well as cost-cutting efforts, the company's cost-to-sales ratio improved by 0.7 points to 66.4

NEC has trimmed its capital investment allocation for semi-conductors by Y20bn to Y120bn for the current full year. Pre-tax profits for the year

to March are projected at Y133hn, up 8 per cent, revised downwards from the initial target of Y150hn. Net profits are projected at Y65hn, up 22 per cent, on sales of Y2,050hn, ahead by 9 per cent. Fujitsu, Japan's largest maker

of computers, saw its half-year pre-tax profits fall Y5bn short

As a result of volume pro- Y688.66bn, a rise of 18.7 per

The company attributed the earnings decline—to Y15.68 a share against Y21.08—partly to lower margins on semiconductor sales. Turnover in its electronic devices division felt 20.4 per cent to Y91.43bn, accounting for about 13.3 per cent of all business.

all business.
For its information processing equipment, which represents as much as 70.7 per cent of total as much as 70.7 per cent of total turnover, sales rose 24.6 per cent to Y486.90bm. In communications equipment, turnover jumped 48.5 per cent to Y110.33bm, where it accounted for 16 per cent of Fujitsu's total business.

It said the full-year outlook indicated a fall in pre-tax profits to Y72bm compared with Y117.59bm, and net aarnings of

of the initial projection to reach Y34.48bn, down by 36.3 per cent from the previous year. Net profits were 17.5 per cent lower at Y22.48bn on turnover of Y1,292bn to Y1,500bn.

conomy.

The money will be drawn from the National Iovestment Fund, with interest rates at 11.5 per cent, and from funds raised by the issue of certificates of deposit, earrying rates of 12.75 per cent annually.

Total outstanding leasing con-tracts at the end of September amounted to 903.4bn win, an increase of 53 per cent from a year ago. The industry has leasing contracts reached 163.6bn won, and the total this year is expected to served year is expected to exceed 1,000hn won. It covers a wide range of plant and machinery.

Citibank, Manufacturers Han-over, and the Tokai Bank of Japan each holds major interests in domestic leasing concerns.

Loans extended by the Bank Loans extended by the Bank of Korea. Korea's central bank, to banking institutions have shot up dramatically this year. At the end of September, outstanding loans smounted to 10.741.4bn won, an increase of 40.9 per cent since the end of \$1984.

In September, M2, the broad measure of money supply, jumped np by 15.7 per cent compared with the previous year. The government has loosened control over the money supply in hopes of prodding the economy out of recession.

directors of Triton have breached their duties in issuing a controlling block of Triton southern Queensland, plus revenues from the sale of 643,138 barrels of oil from southern Queensland, plus revenues from the Jackson-shares to Crusader Oil, Triton's Anstralian subsidiary.

In the year to May 31, Triton reported revenue of U.S.\$51m.

The policy in the year to June 30, U.K-based petroleum company, is worth approximately \$223m and that its 47 per cent interest in Crusader Oil is currently worth about U.S.\$70m.

"These two assets alone are currently therefore worth some law bank profits, which have suffy worth about U.S.\$303m as against Triton's dollars in bail-out loans to insolvent exploration acreage, it ranks own market capitalisation of dollars in bail-out loans to insolvent shipping and construction companies.

A Bank of Korea programme to boost commercial bank profits with concessional loans, how ever, has become bogged down. The programme, announced in June, was designed to bolster thank profits, which have suffy worth about U.S.\$303m as against Triton's own market capitalisation of dollars in bail-out loans to insolvent shipping and construction companies.

An Cautious

Atlas Industries in receivership

BY DAYID DODWELL IN HONG KONG

A FORMER official of the Japanese Ministry of Transport has been appointed as president of Japan Air Lines, in a restuffic instigated by the Government in the wake of the crash of a Boeiog 747 on August 12 which killed 520 people.

Mr Susumu Yamaji, 60, who has served both as an adviser to JAY, and to Mr Yasuhiro By Our Financial Staff

bas served both as an adviser to JAL and to Mr Yasuhiro Nakasone, the Prime Minister, is to succeed Mr Yasumoto Takagi, 73, who offered his resignation as president after the erach. the crash.

The Ministry said that Mi Matsuo Toshimitsu, 61, would be moved from his present position as president of Nikko Shoji, a trading subsidiary of the airline, to become JAL vice-It was unclear, ahead of a

top position.

Sir Adam Thomson, chairman of British Caledonian Airways, said in Hong Kong that it was planning a share flotation in the territory for Caledonian Far East Airways, a regional affiliate. This would give majority control to Hong Kong investors.

Claremont claims that the directors of Triton have breached their duties in issuing a controlling block of Triton's shares to Crusader Oil, Triton's Anstralian subsidiary.

In the year to May 31, Triton exported revenue of U.S.\$51m.

MR LEITH JARMAN, chairman of North Broken Hill Holdings,

the Australian mining and investment bouse which acquired EZ Industries last year, remains cautious about the near-term outlook.

company's anoual meeting in Melbourne. Net profits fell to A\$25.33m (£12.4m or \$17.8m) in 1984-85 from A\$31.41m.

NBH chairman cautious

the near-term outlook.

NBH's profit performance in the year to next June "Is unlikely to improve greatly from 1984-85," he said at the company's anoual meeting in Melbourne. Net profits fell to Melbourne. Net profits fell to tone for Prime Western zinc.

on near-term outlook

appointed receiver.

Trading in Atlas shares was suspended last Thursday as news of its deepening financial

ATLAS INDUSTRIES, the financially troubled Hong Kong electronics group has been placed in receivership by the Hongkong and Shanghai Banking Corporation, one of the company's leading creditors.

Mr Peter Wrangham, Hongkong Bank's general manager, said the decision to call in the receiver came after discussions with Mr Alan Miller, chairman of Atlas Peak Marwick Mitchell, the accounting firm, has been appointed receiver.

Trading in Atlas shares was suspended last Thursday as problems circulated in the territory's stock markets. The scharce in include shares had fallen from a peak Bank of America and Barclays Bank International. It was reported at the weekend that 13 claims had been filed against by declining international Atlas in Hong Kong, amounting to around HK\$2.7m (US\$346m). Neither Mr Miller nor any interaction of a US\$180m contract to supply IBM with able for comment yesterday. Hongkong Bank would not company or parts of it is as yet unclear whether the whole company or parts of it

me accounting firm, has been producted receiver. Trading in Atlas shares was order, iocurring heavy debts in the process. It was unclear yesterday what the receivers. It was unclear yesterday what the rescued hy the receivers. Trading in Atlas shares was order, iocurring heavy debts in the process. It was unclear yesterday what the rescued hy the receivers. Trading in Atlas shares was order, iocurring heavy debts in the process. It was unclear yesterday what the process. The process of its deepening financial interests and the current than the process or the pro

BY MICHAEL THOMPSON-NOEL IN SYDNEY

It was unclear, ahead of a formal announcement by the company, expected today, whether this would imply the departure of Mr Naoahi Machida, 67, the current JAL, vice-president. He had earlier been tipped to take over the ton position.

AUSTRALIAS Claremont Petalogue and net earlings of U.S.39.50. It participated in 175 oil and gas cent etake in Triton Energy wells in North America, France, wells in North America, France, the North Sea, and Australia. Its proved reserves are about may buy additional Triton 35m net equivalent barrels of control of Triton through a Claremont made net profit of tender offer.

Although the NBH mining operations were not competitive.

Mr Jarman said that high priority was being given to rectifying problems. Capital investment has been increased

to an annual rate of A\$100m

NBH pre-tax earnings would increase by A\$26m.

Carrian Investments A HONG KONG court has

dropped a charge of conspiracy to defraud against Mr Mark Saunders-Davies, formerly of

Saunders-Davies, formerty of Wardley, the merchant bank. He had been charged in connection with the collapse of Carrian Investments in 1983. The date for trial of the remaining defendants was set at January 15.

AUSTRALIA'S Claremont Pet- and net earnings of U.S.29.8m. companies.
roleum has established a 5.5 per It participeted in 175 oil and gas Claremont says that Triton's

underlying assets are signifi-cantly undervalued in terms of its market capitalisation of

October, 1985

1,760,000 Shares

In Vitro Class B Non-Voting Common Stock

Baer & Company Incorporated

BARCLAYS BANK FINANCE COMPANY (JERSEY) LIMITED

U.S. \$250,000,000 10% per cent. Guaranteed Deposit Notes due 1990 (the "Notes") Guaranteed on an unsubordinated basis by

BARCLAYS BANK PLC

In accordance with the Trust Deed dated 22nd August, 1985 ("the Trust Deed") made between Barclays Bank Finance Company (Jersey) Limited (the "Company"), Barclays Bank FLC and Alliance Assurance Company Limited, constituting the Notes, the Company hereby gives notice that 13th January, 1986 has been determined as the Exchange Date as defined in Clause 4(B) of the Trust Deed. Persons entitled to delivery of any of the Notes are accordingly advised to obtain from the specified office of any of the Paying Agents, the office of CEDEL S.A. in Luxembourg or the office of Morgan Guaranty Trust Company of New York as operator of the Euro-clear System ("Euro-clear") in Brussels, the form of the certificate to be completed, stating that such Notes are beneficially owned by persons who are not (i) U.S. persons (as defined in First Deed) or (ii) persons who have purchased them for reaffer Fust Deed) or (ii) persons who are not (i) C.S. persons (as denoed in the frust Deed) or (ii) persons who have purchased them for reoffer or resole to any U.S. person. Completed certificates should be delivered to the office of CEDEL S.A. in Luxembourg or to the office of Euro-clear in Brussels prior to, oo or after the Exchange Date. Definitive Notes with Coupoos will be available oo or after the Exchange Date in exchange for relevant certificates.

BARCLAYS BANK FINANCE COMPANY (JERSEY) LIMITED 29th October, 1985 **Future Rate Agreements**

The above was designed, arranged and executed by Bank of America International Limited

Interest Exposure Management Programme:

BankAmerica Capital Markets Group

PROCORDIA AB

US\$ 50 million

US\$ 171 million

Interest Rate Swaps

Anglo American Auto Auctions Inc.

a subsidiary of

The British Car Auction Group PLC

has been merged with

Sandgate Corporation

The undersigned acted as financial advisor to Sandgate Corporation in this transaction.

DEAN WITTER REYNOLDS INC.

U.S.\$30,000,000



GRUPO INDUSTRIAL SALTILLO S.A.

Floating Rate Notes due 1988

In accordance with the provisions of the Notes notice is hereby given that for the six months interest period from 29th October 1985 to 29th April 1986 the Notes will carry an interest rate of 9½% per annum. The relevant Interest Payment Date will be 29th April 1986 and the interest then payable against coupon No. 9 will be U.S.\$2306.60 per U.S.\$50,000 Note and U.S.\$230.66 per U.S.\$50,000 Note and U.S.\$230.66

29th October 1985 By: Cicicorp International Bank Limited, Agent Bank

MITSUI FINANCE **ASIA LIMITED**

(Incorporated in the Cayman Islands)

US\$150,000,000 **Guaranteed Floating-Rate Notes 1997**

In accordance with the provisions of the Notes, notice is hereby given that for the three month period, October 28, 1985 to but excluding January 28, 1986 the Notes will carry an Interest Rate of 852% per annum. Coupon

will be US\$217.22 on the Notes of US\$10,000. Mitsui Finance Trust International Limited Agent Bank

October 1985

COCHET THE WITHER TO THE TELESTIC TO THE TELES

UK COMPANY NEWS

David Lascelles assesses Guinness Peat's bid for Britannia Arrow

Proposed marriage of phoenixes

The widely-expected £212m bid for Britannia Arrow comes barely three years after the financial services group was tectering on the brink of bankruptcy. And it bears all the marks of the mark of the mark of the marks of the mar marks of the man who polled the group back from disaster, Mr Alastair Morton, its chief

Should be succeed—and Britannia was bristling with bostility yesterday— Guinness Peat would match in size Britain's largest merchant banks, with substantial interests in with substantial interests in banking, investment management end insurance, and other things besides. Finoncial services marriages, however, are not best made forcibly, and e successful outcome may only be the first stop to making o combination that works.

The joining of GP and Britannia would be e marriage

When Mr Morton took over in When Mr Morton took over in 1981. Guinness was in dire straits, wracked by losses from its Lewis and Peat commodity husiness end burdened by debt. Since then, through a combination of ruthlessness and sheer force of will, which made him as many enemies as frionds, Mr Morton has straightened out GP, with a reconstituted halance with a reconstituted balance sheet and a profitable, if oddly assorted, string of businesses.
They include Guinness Mahon, the accepting house, Fenchurch, the accepting nears, rencharch, en insurance broker, and Guinness Peat Securities which manages interests in property, energy, and other ventures. It

IF A BOLD takeover bid is the mark of corporate self-confidence, then Guinness Pear is back on its feet.

The widely-expected £212m comes

The theme that pulls all this theme that pulls all this pulls all this comes.

The thome that pulls all this together is asset management, which Mr Morton defines in the for investment clients, fund managers and sharebolders. Britannie is the reconstitution of the Slater Walker group where the days of glory ended ebruptly in the 1970s. Starting almost from scratch, the management, under Mr Michael Newman, has built up a highly successful finencial according to the control of the contr

man, has built up a highly suc-cessful financial conglomerate.
Through a spote of acquisitions in the last couple of years, it has a £4.8bn investment manage-ment business, split between the UK, whare it is one of the lead-ing unit trust managers, and the U.S. where it controls about \$40n. It also owns Netional Employers Lafe, the life in-surance company and Singer & Friedlander, the small accepting house.

The eppeal of a merger for The eppeal of a merger for GP is that both groups are in similar lines of business with minimum overlap. GP's investment management is mainly in UK institutional business, with currency funds run from the Channol Islands. Britannia's currency funds run from the Channol Islands. Britannia's strength on the UK market is at the retail end with its unit trust, and it has large interests in America, where GP has nothing.

In the insurance market, GP is in broking, and Britannia in underwriting.

The exception is that both groups own accepting houses and they are not businesses that can



Mr Alastair Morton

be readily married against their management's will. GP wants to combine the two if its bid goes through, but unless Singer comes willingly, it will wasto no time end sell it.

no time end sell it.

That would mark yet another upheaval for Singer which has changed flands three times in 15 years, though its management, under Mr Tony Solomons has weathored it well. If it came to another sale, Mr Solomons might consider a buy-out, but given the high cost of financing such deals, would probably opt for a public flototion.

The people question must

for a public fioronon.

The people question must also come up of the top level.

Mr Morton claims that he and Mr without their commitment to Blg without their commitment to Blg Bang."

See Lex

bined group would look like with the last time being over dinner only e few weeks ago, But whether amicability could survive a bostile takeover is a question to which the City might give a sceptical answer. Even the name of the morged entity would dopond on the atmosphere at the time of consumation.

More fundamentally, Mr Mor-

ton will have to convince the City that there is logic to the combination. Some analysts donbted yesterday that it would amount to more than the sum of its rather too numeroos parts, though it matches the present fashion for financial conglo-

morates

For GP, the morger would

"complete the creetion of o
broadly-based financial servicos
group." That implies that Mr
Morton would have achieved his
goel and that the acquisitions
end flood of new paper he has
initiated in the last 18 menths
would be over. Since he arrived,
GP'e saued shares have nearly
quadrupled from 67m to 243m.
The Britannia ecquisition would
more than double them to almost
500m.

For once, this is e City alliance that owes nothing to Big Bang. Mr Morton is deeply sceptical about the opportunities for profit in the new markets being shaped by the City revolution. He thinks successful companies should con-centrate on building strong balance sheets rather than committing capital to an uncertain

China & Eastern to join London SE

China & Eastern Investment
Company, claimed to be the first
listed company to offer direct
investment in China since the
fall of the Manchu empire, is
being briught to the market by
Baring Brothers, the London
merchant bank.

The issue has been preplaced,
but public subscriptions are
invited for up to 25 per cent of
the 17m shares on offer. The
shares are priced at \$1.00 or 71p,
at the option of the applicant.

Every five shares will be issued
with one warrant, exercisable

Baring's investment managemont subsidiary, Baring Inter-national Fund Managers, will manage the investment company, which is incorporated in Hong Kong. Initially around 15 per cent of the company's assets are expected to be invested directly in China, with the remainder mainly in Jepanese and Hong Kong quoted companies with strong business connections to China.

Every five shares will be issued with one warrant, exercisable between October 1 1988 and September 30 1991, to subscribe for one ordinary share at the price of \$1

James Capel is droker to the level of direct investment in China may rise over the next fivo years to around 30 per cent of China & Comment However appealing the idea of to restrict its direct investments, in view of the lack of liquidity of such investments and the pre-

sent uncertainty of the regula-tory environment within China. Investments in any one com-Investments in any one company will generally not exceed \$500,000 or 2 per cent of China & Eastern's cross assets. Barings does not intend to take more than 15 per cent of the equity of any project, but expects to piggy-back on joint ventures between other Western companies and China.

James Canel is broker to the James Capel is broker to the issue. Dealings are expected to start on November 12.

China & Eastern's direct invest-ments look distinctly long term.
"Venture capital et best, with the odded political risk," kas tho kindest thing one broker could find to say of this aspect of the fund's investments. Even if the investments hear fruit getting investments bear fruit, getting earnings out of China could prove challenging. Baring has, bowever, secured the services of two heavy hittors from the Chinese hiorarchy for the fund's advisory council, which should

Reorganisation

Value in black THE CONSEQUENCES, of resation at Top Value Indus-clothing manufacturer,

continne—as predicted—to be felt during 1985, according to Lord Barnett, chairman, commenting on results which show the company back in profit.

puts Top

Rush & Tompkins improvement

Rush & Tomkins Group, holding company with property investment and building and civil engineering interests, has increased pre-tax profits for the six months to June 30 1985 from six months to June 30 1985 from being awarded even when it has submitted the lowest prices.

The company says it still scheme is on schedule for company fill from the pletion by the end of the year.

An interim dividend of 2.2p is being paid. The company submitted the lowest prices.

The group's Washington retail scheme is on schedule for company in the end of the year.

An interim dividend of 2.2p is being paid. The company has changed its accounting year end to March 31 and will be finished by the end of the year.

The company says it still scheme is on schedule for company in the end of the year.

The company is washington retail scheme is on schedule for company in the end of the year.

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The company is a scheme is on schedule for company is cheme is on schedule for company is ch

Its regional presence has been shere with the balance of film new shere with the balance of film paid in cash.

The sale of older industrial investments continues and the company is refurbishing its investment property at Sidcup, or the f60m Metro centre at Gatesbead, Tyne and Wear, Work on the contract is on schedule.

The international construction division completed the main phase of the Ethiopian dam on schedule and in time for the

discount chain is beginning to take shape and an experienced general manager has been appointed. The first store will be open for Christmas trade and several more are under negotia-

There was again no tax charge and extraordinary debits were £86,955 (£11,818). Earnings per 10p share were stated at 0.04p (loss 0.42p).

Thos. Tilling ahead Thomas Tilling, industrial bolding company owned by BTR, has improved pre-tax profits by 18 per cent in the half year to Juno 29 1885.

On turnover ahead from £744.4m to £762.7m operating profits were £50.5m (£49.1m), and (£40.im) was struck after other income of £7.5m (£3.8m); and finance costs of £10.7m (£12.8m). Stated earnings per share rose by 0.3p to 2.4p after e tax charge of £18.9m (£16m).

Associate boosts Samuel Props.

ATURNROUND of £863,000 in P. M. Samnel, chairman, says the contribution from its Bryant- the increase was due to property portfolio was revalued, resulting in a net surplus of

ness of its property. Elsewhere, the company has continued to secure lettings end, with rent reviews, there should be a further improvement in profit-

the contribution from its BryantSamuel associate enabled Samuel
Properties to report pre-tax
profits np by 11 per cent on turnover little changed in the year
to the end of June.

Turnover for the Loudon-based
property investment bolding
company, was slightly down at \$18.06m, against £18.17m. Pre-tax
profits however, improved from \$25.05m, against £18 perties in Central London, Wimbledon, and Greenford, Middlesex for e total of £7m in

From earnings per share of 6.49 (8.18p), the directors are recommending of final payment of 4.25p, up from last yoar's 4p. (5.773,000) the increase being making o total for the year of 5.85p (5.5p).

December.

Profit before interest came out of £5.00m (£4.23m), however interest paymonts were greatly increased from £42,000 the increase disposal of investing to £1.84m leaving operating period.

Secure lettings end, with rent fewlies should be a further improvement in profit ability next year.

The tax charge was £1.46m leaving of the property portfolio by a further improvement in profit increase being the result of the phasing out of \$1.84m leaving operating to £16,000 (£16,000) and there extraordinary items of \$258,000 (£16.07m) mainly relating to the disposal of investing to £1.84m leaving operating period.

Secure lettings end, with rent profit in profit ability next year.

The tax charge was £1.46m board is confident that the policy of improving the quality of the property portfolio by a further improvement in profit ability next year.

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COMPANY NEWS IN BRIEF

GALLAHER'S third quarter group turnover was £845.7m compared with £799.7m, making a o total of £2.34nn (£2.15bn) for the nine menths ended September 30 1985. These figures were incorrectly stated as £851.4m (£812m) and £1.73hn (£1.61bn) respectively.

GRAND CENTRAL Investment

of £18,847 in the first half of 1985 (£6,469), equal to 0.13p (0.04p) per share. Compensation monies totalling Re57m have been received from Sri Lanka and placed on deposit — the equivalent sterling amount was £1.53m.

Frank Horsell Group has re-ceived acceptances for 6,032,577 ordinary 99.3 per cant) and 915,736 (97.6 per cent) preferred ordinary shares, and has become unconditional. The offer and the cash alternative will remain open until further notice.

HAYS GROUP, based in Guild-ford, bas acquired Roberts Petroleum, which is Humberside based and supplies 280 service station outlets concentrated in the Midlands, Lincolnshire and Cambridgeshire.

OCEAN MARINE, the Morsoyside based division of the Ocean Transport and Trading Group, has taken over Gracie Beazley

October 23, 1985



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Continental Microwave £3m rights for growth

directors and

Continental Microwave (Holdings), the Luton-based designer and manufacturer of telecommunications, broadcasting and defence electronics equipment, intends to raise £3m net through e rights issue of fivo convortible preference shares for every four ordinary shares held.

The company said the issue would climinate its borrowings and provide it with the working copital to finance expansion.

The offer is for 3.18m 6 per cent convertible cumulative redeemeble profarence shares 2005, of £1 each at par. They will be convertible between 1987 and 1997 at the rate of 97 ordinary 25p shares for every 400 preference shares for every 400 preference shares for every 400 preference are converted a further 770,558 ordinary shares will bave heen issued.

The directors and their families will not be taking np their rights to 1m of the shares. These will be taken up by institutional and other investors. Continental Microwave made pre-tax profits of £708,000 in the year to last June, against £423,000 the year before, on turnover of £8.739m (£6.556m). Borrowings, however, have risen to the point where they represent over 90 per cent of share-bolders' funds, and in the year to June interest charges took 32 per cent of operating profits.

The company said vesterday that orders hed risen to £10.5m in June from £6.4m the year before and it expected its premises to be working at full capacity this year. The rights issue would enable it to finance expansion.

The issue is underwritten by Hambros Bank and the brokers are stock Beech and Co. Continental Microwave's shares closed 5p down at 350p yester-day.

TR INDUSTRIAL and General Trust is lifting its interim dividend from 1.2p to 1.4p net, and forecasting 0 final of 2.4p (2.3p) for the year to March 31 1986. For six months onded September 30 last, net profit is £5.5m (£4.2m) for earnings of 2.54p (1.93p) per share. Net asset value after prior charges at per was 197.9p (186.8p).

PHOTAX (LONDON), manufac-turer and importer of photo-graphic equipment, achieved taxable profits of £47,000, egainst £40,000, for the first six months of 1985 on turnover lower of £2.88m (£3.18m). No dividends have been paid since 1982.

Holdings ehows an increased loss Travel from John Holt group.

Bunzl's £95m Utd. Parcels offer

Bund, the aggresively acquisi-tive paper, plastics, cigarette filters and distribution group, vesterday unveiled a surprise agreed bid for United Parcels, valuing it at £95.2m.

The company, of which Mr The company, of which Mr James White, non-executive chairman of United Parcels, is managing director, is offering two of its shares plus convertible loan stock valued at 356p for every nine United Parcels shares. At last night's closing prices that valued each Parcels share at 150p, with a cash alternative of 140p.

In May Bunzl made an unsuccessful bid for Brammer, bearings distribution group, but earlier this month clinched another agreed £30m share offer

another agreed £30m share offer for Stewart Plastics.
The company said its financial strength would enable United Parcels to develop an "ambitious growth strategy," while its overseas connections would help United add an international dimension to its energitors.

Although the company has little direct experience of the transport and parcels sector in the UK, it has relevant experience in the U.S. Mr White, who masterminded the bid, knows tha company and sector well as its non-executive chairman and former transportation directions. former transportation director of the Lex Service Group.

He said yesterday that United Parcels would form the cora of Bunzi's long awaited "fifth division" and further acquisitions would be made "with cash not paper" to mon up some of the struggling smaller operators in an industry still suffering from overcapacity. At present over 70 per cent

of Bunzl's profit comes from the U.S. but United Parcels—which made f7.1m on turnover of £86m to the year end January 1985 and is expected to make £8m this year—should shift the balance back to about 42 ner cent, close to Bunzl's 1981 level.



by 20 per cent. United Parcels is also soon to launch an over-

dimension to its operations.

Bunzi made pre-tax profit last the profitable York Trailer Hold- figs and the loss-making Atlas and the doubling of its share profit and in September, Express. The latter has been beavily rationalised with 26 in interim profits to £19.02m with a full-year forecast of £40m.

United has recently acquired includes in interiment the profitable York Trailer Hold- of United's image in the City and the doubling of its share price ovar recent months owes in interim profits to £19.02m with a full-year forecast of £40m.

The bid was welcomed as a good move by most analysts. Mr Tony Peunie, of James Capel, said there should be no dilution from the extra shares issued because of the expected rise in

Acceptance of the offer will shares (19 per cent of the pre-sent issued share capital) and about £26.1m in nominal value of the Bunzl convertible stock. Including shares issued for the Stewart agreed bid, Bunzl's shares in issue will rise from 77m to 95m.

The market seemed to respond favourably to the news. Bimzl's share price fell only 3p to close at 497p; United Parcels rose 32p to close at 145p. Bunzli said the offer represented a 28 per cent premium on the middle market price of 118n on October 25. Bunzl yesterday acquired 14.9 per cent of United Parcels taking its total to 23.8 per cent. Bunzl has been growing fast Bunzi has been growing fast in recent years. In 1981 its mar-ket capitalisation stood at about 225m and when the United Par-cels deal is completed it should

Allied London advances to £3.35m

A YEAR of further progress at Allied London Properties has seen the pre-tax profits rise from £2.84m to £3.35m, and the net asset value go up by \$p\$ to 160p.

Shareholders draw benefit from an increase in their dividend and 2 proposal for a one-for-two scrip issue. The final dividend is 1.855p for a net total of 2.1p, against 1.7p.

June 30, 1985 rose from £7.52m to £3.67m, while administration expenses and interest charges the centre of the both showed increases. After the control of the control of the woolworth store acquired and reprofit comes to £2.68m (£2.39m) fully diluted. This time there are extraordinary credits of £656,000.

A professional valuation at the property important is

net total of 2.1p, against 1.7p. The company draws rental income from its portfolio of offices, warehouse/industrial and retail, and a bouse building subsidiary. It continues to invest

and develop in the south-east and around the M25, and with the final completion of the motorway during the coming year the directors look forward with

It was disclosed yesterday that

BY FRANK KANE

Virani sells Woodhouse

Virani Group, the leisure, hotel and property group privately owned by Mr Nazmu Virani, bas made a profit of Mr Virani was about to bid for around £400,000 on the sale of its 22 per cent holding in Wooding had always been "just an house and Rixson, the Sbeffiel" in investment. Wa were backing the management at W&R, bot we had a good offer and thought

the holding of 2.02m shares had been sold at 40!p. Mr Virani sald that he bad paid "about half" that for the shares, which be began to purchase nine months ago.

The staka was sold by broker Capel Cure Meyers and is we'd take it."

Mr Virani also said that talks were continuing between Bellavea Brewery, the Scottish company of which he is head, and George Bateman and Son, the family controlled Lincolnshire brewer.

we'd take it."

stake for £0.4m profit

A professional valuation at June 30 shows the property portfolio to be £78.2m, which has been incorporated in the accounts. The pertfolio comprises 55 per cent offices, 39 per cent warehouse/industrial and 6 per cent retail.

At Central House, Houselow

At Central House, Hounslow, further lettings resulting in 70 per cent of the office accommodation have been concluded. onfidence. Negotiations for Income for the year ended space are in hand.

management at W&R, bot we bad a good offer and thought

McKechnie

Brothers

ANNUAL RESULTS

Pre-tax profit increased 13%

66 Pre-tax profits are a record and would have been substantially higher but for the devaluation of currencies in

Leighswood Road, Aldridge, Walsall WS98DS

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Dr J. M. Butler Chairman

£000

202.834

14,491

4,380

7.28p

17.3p

2000

221.743

16.379

4,820

q00.8

which some of them are generated.

The office development in Gerrards Cross is fully let. In the centre of the town a former Woolworth store has been acquired and relet on satisfactory terms.

The office development in figures yesterday confirmed that property companies generally are struggling against a sluggish market background. The difference between them, however, is the state of the confirmed that property companies generally are struggling against a sluggish market background. The difference between them, however, is the state of the confirmed that property companies generally are struggling against a sluggish market background.

is that with Aflied London's shares up 4p at 120p yesterday, the 8 per cent discount to the diluted net asset value of 130p. It certainly pleasant to behold, but is looking pretty tight against a more important is what the asset walve has done, and the simple fact is that it has done very tight against a market average of about 18 per cent. Allied's price is sustanted by optimism about the growth prospects for its portiolis with its split hetween modern office, industrial and retail premises, its M25 orientation and the interesting developments in the pipelice. The market may forgive one blip but to justify this rating Allied London will need to deliver next time. is that with Allied Landon's

David & Charles to ioin OTC market

David & Charles Publishers, known for its railway and leisure books, is baing brought to the over-the-counter market by the Guidehouse Group, with ny the Guidenouse Group, with an issue of 4.5m new shares. The issue is intended to raise £1.3m, to be used to exploit David & Charles's backlist of titles and to allow it to hid higher for new titles,

The company, which also operates specialist book clubs, reported pre-tax profits of a multiple of 7.2, assuming a nil fix254,000 in the nine months to tax charge. Broker to the issue is Kitcat & Aitken. A market fix6m, and forecasts a profit of will be made in the shares by not less than £450,000 for the year ending January 31 1986.

Its earlier profit record is, however, rockier, with substan-tial losses recorded in 1982 and tial losses recorded in 1982 and 1983. The company suffered from a period of book club warfare, brought to an end earlier this year following the intervention of the Office of Fair Trading. The acquisition of Heritage Fine Arts at the same time also proved indigestible.

Canadian operation

pany, yesterday announced nlans to strengthen the marketing of its wines and spirits in Canada, through the purchase of a 49 per cent stake in William Mara, a Canadian importer and distributor.

PICT PETROLEUM, USM-quoted oil company, is now 7.26 per cent owned by Det Norske Oljesselskap of Norway.

Allied-Lyons boosts

Allied-Lyons, which is facing a f1.8bn takeover bid from Elders IXL, the Australian com-

It is paying CSIm (£0.52m) for its stake in Mara, a subsidiary of Corby Distilleries of Montreal. Mara will market Allied's wines and spirits, products, such as Harvey's Bristol Cream sherry and Teacher's scotch from early 1986. Mara's distribution activities currently concentrated. ties, currently concentrated in Ontario and Quebec, will expand

ontario and Quebec, will expand to cover the country.
Allied-Lyons has, until now, used nine agents in the Canadian market. The company sald the deal had been in the pipeline for months and had no connection with the Elders bid.

Drayton Premier receives £158m bid

By Clive Wolman

The National Coal Board Pension Fund yesterday Isanched a £158m bid for Drayton Premier Investment Trust which is managed by Montagn Investment Manage-ment (MIM).

The Drayton Premier share The Drayton Premier share price soared yesterday from 445p to 515p, 15p above the value of the offer. The NCE pension fund, with total assets of over £6bm, currently has a 28.2 per cent stake in Drayton Premier which it has built up over the last six years.

Drayton Premier chairmans
Mr John Storar said last
night: "This is a serious offer
from a serious quarter but
one should rush to accept."
The Drayton Premier board will be meeting to respond to the offer today or tomorrow, he said.

tomorrow, he said.

The bid is unusual in that the offer price is fixed at 500p per share rather tran being based on a formula dependent on the underlying net asset value of the trust. The offer price represents a discount of about 7.5 per cent to the trust's net asset value which is estimated at 540p.

The offer at present is thus

The offer at present is thus less generous than most bids for investment trusts which are made at prices much closer to net asset value. If, however, during the period of the bid, the stock market falls and with it Drayton Premier's net asset value, the offer will be more attractive. offer will be more attractive.

The NCB pension fund is offering each or the alternative of loan notes issued by a subsidiary company in exchange for Drayton shares. Drayton shares offer and avoid any immediate liability to capital spins tax.

liability to capital gains tax.

The absence of a loan notes The absence of a loan notes alternative was a major criticism of another recent pensian fund take-over bid for an investment trust, launched by the Merchant Navy Officers pension fund. Mr David Prosser, managing director of the NCB pension fund's investment department who resigned as a director of Dravton Premier

department who resigned as a director of Drayton Premier earlier this year, said yesterday: "The offer price is about 60p above the price at which the shares have been trading. With this offer, sharebolders will know exactly what they are getting."

Mr Presser indicated that, if its bid was successful, the Drayton Premier share portfolio might continue to be

folio might continue to be managed as a unit. One possi-bility is that the fund could be managed by the Edinburgh managers of the British NCB pension fund has 2n 84 per cent stake. Drayton Premier has been

subjected to widespread criticism in recent years on account of its poor investment performance. Over the five years to September 1, the fund's total return (with net income re-invested) on its assets was 117.4 per cent com-pared with an average total return of 147.2 per cent in the investment trust sector. Over the last year however in which its investment policy has switched towards achiev-ing a higher dividend yield, the trust has out-performed

the sector.

The trust has also been criticised for its cross-holdings in other trusts manged by MIM. Yesterday following the announcement of the bid for Drayton of the bid for Drayton Premier, the share price of Drayton Consolidated in which both the NCB pension fund and Drayton Premier have substantial stakes was becomed by the substantial stakes was becomed by the substantial stakes.

DIVIDENDS ANNOUNCED

	Date	Corre	Total	Total
Current	of s	gaibaoos	for	last
		div.	year	year
payment	payment			
Allied London Props 1.86		1.48	2.1	1.7
Geldsmiths Groupint 2		2		7.5
Adresitions Atomb "The S				
Prestwich Holdings 0.7†		0.7	1.05	0.7
	Jan 7	2		7.65
Samuel Properties 4.25†	Jan 6	4	5.88	5.5
	Dec 13	Ž		
Usher-Walkerint 2.2				6.6
Viking Resourcesint 0.55	Dec 16	0.5		2.15
Dividends shown pence per sha		meh-0		
* Equivalent after allowing	for scri	ip issue.	† O¤	capita
increased by rights and/or a	agnicition	issues.	± US	M stock

Wells Fargo & Company U.S. \$150,000,000

Unquoted stock.

Floating Rate Subordinated Notes due 1992

In accordance with the provisions of the Notes, notice is hereby given that for the

Interest period 29th October, 1985 to 29th November, 1985 the Notes will carry an Interest Rate of 8.2875% per annum. nterest payable on the relevant interest payment date
29th November, 1985 will amount
to US\$71.36 per US\$10,000
Note.

Agent Bank Morgan Guaranty Trust Company of New York

Wells Fargo & Company £60,000,000

Floating Rate Subordinated Notes due January 1994

storisions of the Notes, notice is hereby given that for the Interest period 28th October, 1985 to 28th January, 1986 the Notes will carry an Interest Rate of 11½6% per annum,

Interest payable on the relevant interest payment date 28th January, 1986 will amount to £148.87 per £5,900 Note.

Agent Bank Morgan Guaranty Trest Company of New York London

Ward White puts agreed £53m bid for Owen Owen

BY CHARLES BATCHELOR

October 10 Ward began talks

Ward White, the first-growing retaining and shoe-melting group, it is making an agreed ESm take-over hind for Gwess Gwess, the Liverpool-based department store chain, in a move which blocks an earlier £40m offer from Clayform Properties.

Ward has won the backing of the holders of \$1.57 per cent of Gwess's shares in a move intended to prevent any rival bid. Button Group, Mr falls Halpern's menswear company, was believed to have been interested in Owen.

This is the third big retailing acquisition by Ward in the past few years. In the UK it paid fixed retailing operation on both sides of the Atlantic in the past few years. In the UK it paid fixed motor accessory group, and fixed motor accessory group, and fixed for Halfords, the bicycle and motor accessory group, and fixed for Halfords, the bicycle and motor accessory from the provided in more specialise for the purchase for \$4m (£2.5m) of Clayforn lamehed its bid on the purchase for \$4m (£2.5m) of Clayforn lamehed its bid on the purchase for \$4m (£2.5m) of Clayforn lamehed its bid on the purchase for \$4m (£2.5m) of Clayforn lamehed its bid on the purchase for \$4m (£2.5m) of Clayforn lamehed its bid on the purchase for \$4m (£2.5m) of Clayforn lamehed its bid on the purchase for \$4m (£2.5m) of Clayforn lamehed its bid on the purchase for \$4m (£2.5m) of Clayforn lamehed its bid on the purchase for \$4m (£2.5m) of Clayforn lamehed its bid on the purchase for \$4m (£2.5m) of Clayforn lamehed its bid on the purchase for \$4m (£2.5m) of Clayforn lamehed its bid on the purchase for \$4m (£2.5m) of Clayforn lamehed its bid on the purchase for \$4m (£2.5m) of Clayforn lamehed its bid on the purchase for \$4m (£2.5m) of Clayforn lamehed its bid on the purchase for \$4m (£2.5m) of Clayforn lamehed its bid on the purchase for \$4m (£2.5m) of Clayforn lamehed its bid on the purchase for \$4m (£2.5m) of Clayforn lamehed its bid on the purchase for \$4m (£2.5m) of Clayforn lamehed its bid on the part of \$4m (£2.5m) of Clayforn lamehed its bid on the part of \$4m (£2.5m) of Clayforn lameh

Reuters minority in Instinet

BY CHARLES BATCHELOR

Reuters, the international business information group, is to take a minority shareholding in Instinet, the US group which has developed an electronic share-dealing system, in a deal of much more modest propertions than that proposed last lune.

The give Reuters control.

Mr Bill Lupien, Instinet chairmen, said: "The board sees more upside in the near term of we don't want to sell 51 per cent at this noint."

Mr Glen Benfrew, Reuters control.

Mr Bill Euplen, Instinet chairmen, said: "The board sees more don't want to sell 51 per cent at this noint."

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Mr Bill Euplen, Instinet chairmen, said: "The board sees more don't want to sell 51 per cent at this noint."

Beuters announced yesterday that it has reached agreement in principle to pay \$10.5m (\$2.6m) for a 6.9 per cent stake in Instinet and warrants which would raise its stake to 16.4 per cent. Initially Renters hoped to buy 20 per cent of Instinet with an option to take its holding to a controlling 51 per cent.

The British group's amb fons have run into opposition from Instinct's board and its other sharebolders which are unwilling

Carl Marks, a U.S. broker, has 480,000 shares. Merrill Lynch owns 400,000 shares and 600,000 warrants.

Reuters is currently attempt ing to negotiate an agreement with the London Stock Exchange for the Instinct share dealing system to become part of the exchange's dealing and informs-

upside in the near term so we don't want to sell 51 per cent at this noint."

Mr Glen Renfrew, Reuters chairman, commented: "We have got pretty well what we wanted for the immediate future. We have a low-cost, low-risk entry into Instinet with a smaller shareholding."

Reuters will buy 400,000 new Instinet shares and three-year warrants to huy up to 1.2m more new shares at \$22.50 a share. It will pay \$4.5m in cash and the balance at Reuters option in cash or shares. The revised deal gives Reuters a holding closer in size to those held by a number of U.S. brokerage houses. CMNY a capital Cosp., a subsidiary of Part of the Part of the agreement announced yesterday provides for a co-operative marketing agreement in North America covering the services of the two companies. Technical co-operation is expected to lead to the Instinct system being accessible on Reuters' Monitor screens some tima next year. This will avoid the need for separate Instinct terminals.

Goldsmiths £0.3m midway loss

ment on 1984-85. There was no contribution from insurance experience pressure on rates and margins but it is abought that action being taken will correct

The betting division produced £280,000 (£375,000) hut, as this was sold earlier in the year, results are not directly comparable. Full-year group figures will be affected by the acquisition of Heritage Hotels, which currently loses money during January/

and including Walker and Hall reflects an improvement of £322,000 (£714,000 loss).

Investors were not amused when Investors were not amoved when Goldsmiths signalled a few weeks ago that it would make a loss in the first half. Having moved down from a high of 257p, the shares yesterday stalled at 176p as the market digested the sombre amouncement. The real troblem is Mr Gover's insurance

Goldsmiths Group of jewellers, pawnbrokers, hoteliars and insurance consultants, is maintaining its Interim dividend at summer, thereby reducing the seasonal effect of the jewellery share, although it sees and effect of the jewellery share run up a pre-tax loss of £298,000 in the half year ended August 31 1985, compared with a nrofit of £165,000.

In jewellery there was an operating loss of £591,000 (£123,000) but the divisian is trading satisfactorily and the full year should seen an improvement on 1984-85. There was no interests, injected into the group last year, which appear to be insking in an increasingly competitive market for motor insurance. Having just broken even in the seasonally stronger first half, in the seasonally stronger first half as well as on management time, Meanwhile, the company's strength has hitherto been its ability to make shrewd acquisitions, which have quickly improved both assets and earnings. In the latest switch from ings. In the latest switch from bave lost its touch by paring far more than asset value for the Heritage Hotels, which are not likely to match the £600,000 contribution from the betting stops for several years. Profits of about fil2m look likely this or about fl2m look likely this year, implying a p/e ratio of 17. Unless the company can sort out, or preferably self, its insurance operations quickly, the shares may fall further.

effect appears as a matter of record only

October 1985



Dencora p.l.c.

£10,000,000

Medium Term Loan

County Bank Limited

County Bank Limited Postipankki (UK) Limited National Westminster Bank PLC Standard Chartered Bank

County Bank Limited

Trading profits in the United Kingdom increased by more than 25%. Record results were achieved by subsidiary and associate interests in New Zealand Our South African associates maintained profits in local currency terms and accounted for 13% of the Group's pre-We expect to maintain the improving trend from the United Kingdom. New Zealand profits are ahead to date though it seems unlikely that their economy can continue to be so favourable to our operations. Our South African associates continue to trade profitably. Overall we remain cautiously optimistic about the Group's prospects. >> Summary of Results Turnover Profit before tax Ordinary dividend Ordinary dividend pershare Earnings per share McKechnie Brothers plc

UK COMPANY NEWS

Granville & Co. Limited

8 Lovat Lane London EC3R 8BP

Telephone 01-62) 1212

NOTICE OF REDEMPTION In the Holders of

ENTE NAZIONALE IDROCARBURI

E.N.L (National Hydrocarbons Authority)

6½% Sinking Fund Debentures due June 1, 1987

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Sinking Fund for the Debentures of the above-described issue, Morgan Guaranty Trust Company of New York, as Fiscal Agent, has selected by lot for redemption on December 1, 1985 at the principal amount thereof \$556,000 principal amount of said Debentures, as follows:

Outstanding Debentures of U.S. \$1,000 Each of Prefix "M" Bearing Serial Numbers
Knding in the Following Two Digits:
32 41 47 54 94

Also Debentures of U.S. \$1,000 Each of Prefix "M" Bearing the Following Serial Numbers:

7883 7983 8483 8583 8883

On December 1, 1985, there will become and be due and payable upon each Debenture the principal amount thereof, in such coin or currency of the United States of America as on said date is legal tender for the payment therein of public and private debts, at the option of the holder, either (e) at the corporate trust office of Morgan Guaranty Trust Company of New York, 13th Floor, 30 West Broadway, New York, N.Y. 10015, or (b) subject to any laws and regulations applicable thereto with respect to the payment, currency of payment or otherwise in the country of any of the following offices, at the principal office of Banca Nazionale del Lavoro in Rome or the principal office of Banca Commerciale Italians in Milan or the main offices of Morgan Guaranty Trust Company of New York in London, Brussels, Paris or Frankfurt or the main office of Algemene Bank Nederland N.V. in Amsterdam or the main office of Krediethank S.A. Luxemboorgeoise in Luxembourge Ville. Payments at the office of any paying agent outside of the United States will be made by check drawn on, or transfer to a United States dollar account with, a bank in the Borough of Manhattan, City and State of New York. Any payment made by transfer to an account maintained by the payee with a bank in the United States may be subject to reporting to the United States Internal Revenue Service (IRS) and to backup withholding at a rate of 20% if payees not recognized as exempt recipients fail to provide the paying agent with an executed IRS Form W-8, certifying under penalties of perjury that the payee is not a United States person or an executed IRS form W-9, certifying under penalties of perjury the payee's taxpayer identification number of social security number, as appropriate). Those bolders who are required to provide their correct taxpayer identification number on social security number, as appropriate). Those bolders who are required to provide their correct taxpayer identification number on social security number, as appropriate). Those bolders who are require

From and after December 1, 1985, interest shall cease to accrue on the Debeutures herein designated for redemption.

NOTICE

The following Debentures previously called for redemption have not yet been presented for

DEBENTURES OF U.S. \$1,000 EACH

October 24, 1985

ENTE NAZIONALE IDROCARBURI

By: MORGAN GUARANTY TRUST COMPANY

		Over-the-Co	unte	er Ma	ırke	t		
					Ĝresa	املميلا	P/	E Fully
High	Low	Compeny	Price	Change			Actuel	
146	123		131	CuduRa		" 5.0		
151	135	Ase. Brit. Ind. Ord Ase. Brit. Ind. CULS	137	_	58 10.0	7.3	7.3	8.7
'לל'	43			_			~=	40.5
46	26	Airsprung Group	58		5.4	11.0	9.7	12.6
163	4 AD	Armitage & Rhedes	45		4.3	9.6	5.6	6.7
103	108	Bardon Hill	163	. +1	4.0	2,5	25.6	21.4
64	42	Brey Technologies	56×4	1 -1	3.9	7.0	6.8	7.8
201	153	CCL Ordinery	153	_	12.0	7,8	3.7	3.8
152	103	CCL 11pc Conv. Pret.	103	1	1 e .7	15.2	_	_
130	10	Carborundum Ord	125×d	_	4.9	3.5	8.2	8.7
92 73 32 83	83	Carbonindum 7.5%Pl.	92	. —	10.7	11.6	_	_
73	46	Deborah Services	52/0	. —	7.0	13 5	5.4	7.1
32	21	Frederick Parker	21	_	_	_	_	
83	33	George Blass	77	=		_	3.1	5.7
50	20 177	ind. Precision Castings	45	=	3,0	6.e	119	9.8
218	177	leis Group	190		15.Q	7.9	14.6	21.8
124	101	Jackson Group	107		5.5	5.1	7.2	7.2
285 95 95	213	Jemes Gurrough	257	+1	15.0	5.8	8.1 .	6.1
95	83	James Burrough 9% Pf.	95	+1	12.8	13.8		
95	71	John Howard & Co	B2	_	5.0	8.1	6.5	10.3
225	100	Linguephone Brd	180	=		_	8.e	e,9
100	90	Linguaphone 10.5% Pf.	90	_	15.0	187	_	-
650	300	Minihouse Holding NV	e 70	=	5.8	1.2	24.6	23,7
120	31	Rebert Jenkine	78	_	_	_	10.1	22.0
60	26	Scruttone 'A'	31	~	_	_		7,8
92	e 1	Terday & Carliela	-68		5.0	7.4	3.4	e .2
444	320	Trevian Holdinge	320	-	4.3	1.3	18.2	17.9
35	17	Unileck Heldings	35		2.1	8.0	8.5	9.3
113 247	81	Walter Alexander	110	_	8.5	7.7	6,2	7 e
447	195	W. S. Yeates	200		17 4	8.7	5.7	8.8

Welpac bit by cost increases

FIRST HALF profit at Welpac, USM wholesaler of pre-packed hardware and DIY goods, fell from £148,041 to £128,348, but

ment will reflect the outcome for the full year. In the year ended January 31 1985 the dividend was 0.3p net from pre-tax profits of £404,000.

The reduced profit is attributable to increased fixed costs incurred to support future expansion—employee costs have gone up 50.15 per cent and operating and external charges operating and external charges hy 33 per cent compared with the corresponding period.

No oravision has been made for the write off of goodwill as a scheme of capital reconstruction is planned which will eliminate that item. The charge would have been £12,363.

Prestwich in strong position

Holdings is on target for the year ended June 30 1985, and says it enters the current term in a "particularly strong" posi-tion to capitalise on the major development of the last 12

from £148,041 to £128,345, but the directors are confident of an improvement in the second half. Turnover rose by £558,000 and progress, the benefits of which have only started to come through towards the end of through towards the end of

The directors are continually reviewing opportunities to expand further, by internal growth and strategic acquisitions, the fast growing entertainment and optical divisions, and say they look to the future with optimism. In July 1984 the group moved

into the entertainment business with the acquisition of Palan Entertainment Corporation, which acquires and distributes media rights primarily for

Since then, it has expanded its optical side, increased its meroptical side, increased its merchanting scrivities to provide a more comprehensive product range and service to the offshore oil industry, engineering and farming, and expanded its protective clothing and leisure wear. In the current half year it has completed the acquisition of Mobile Merchandising. Its major business is the sale of pop T-shirts through retail outlets and at concerts, but it also prints T-shirts and other items of

at concerts, but it also prints
T-shirts and other items of
clothing.

For the year 1984-85 the group
has lifted its turnover from
£6.36m to £9.9m and its pre-tax
profit from £198,000 to £874,000.
With the £3m rights issue in
June, the directors forecast pretax profits of not less than
£855,000 and a final dividend of
0.7p on the old capital, which
they are paying to give a total
of 1.05p. They also propose a

additional consideration of up
to a maximum £400,000 may be
come payable, either in shares

Comment

Prestwich Holdings appears to
have caught on to a winner
with its £6.99 pre-recorded video
tapes. Although there are only
50 titles out at present, another
100 could be gracing the shelves
of Woolworth and others by the
middle of 1986. The idea is

I-for-1 scrip issue.

Palan has contributed the major part of profits and the momentum from this area of activities will increase during the current year.

Reconstruction of the optical divisions administrative function

to take place and as a result profit recovered strongly in the second half. with regard to Henlys Optical Group, acquired in April 1983, additional consideration of up to a maximum £400,000 may become payable, either in shares or cash.

Record sales for Lloyd's Life

simple enough — sell prerecorded programmes and films
available at low royalty levels
(especially from the BBC) at a
price only a few pounds above
the blank cassette price. And if
you get fed np with "The Quiet
Man" or "Mr T," then you can
use the tapes to record other
things. Meanwhile the optical
side is showing more liveliness
as the conservatism of the enough - sell as the conservatism of the country's 17m wearers of country's 17m wearers of glasses hreaks down and a more fashion-conscious market opens np. This makes sense of the plans to develop instore glasses boutiques, not offering full optician services but selling specs as an accessory. With 2m video cassette sales possible this year (and about a fil gross margin on each) the analysts are forecasting fil.8m pre-tax profits. At 196p up 14p, the shares still seem to have a good upside potential on a prospective p/e of 9.5.

Renwick jumps to £1.7m halfway

MOST OF the half year improvement at Remvick Group. Devon hased boatbuilder and international coal trader, is attributed to its Marine Projects subsidiary, where sales increased and a further significant growth is

further significant growth is expected.
Renwick, which has KangraRenwick, which has KangraHoldings of South Africa as ith which the pre-tax profits from \$243,000 to \$1.68m in the six months to June 29 1985.
Turnover increased by fim to \$21.35m, and Mr G. J. Beck, chairman, says that after eliminating results of businesses solid in the previous half year, sales show a 14 per cent rise and the in the previous nair year, sales show a 14 per cent rise and the nre-tax figure a 300 per cent increase. In the full 1984 year the group achieved e pre-tax result of £951,000 on turnover of £38.35m.

£38.35m.

Marine Projects, which makes the "Princess" motor crutser range, and "Moody" and "Sigma" ranges of sailing yachts, has recently strengthened its order hook, but the chairman says that profitability is still being restricted by unacceptably low gross margins on all products.

Although turpoyer at Ren-

Although turnover at Ren-wicks Coal Trading, its inter-national coal trading side, has continued at a similar level to the previous year, its contribu-tion to group nrofite has improved significantly, Mr Beck

After an increased tax charge, from £48,000 to £666,000, net profits for the balf yeer emerge £827.000 shead at £1.02m. for earnings per share of 9.2p (1.7p). Last time there was an extra-ordinary credit of £190,000 rep-resenting the profit on the sale of outstanding travel interests. Again there is no dividend. The last payment was 2p in 1980,

Intl City buys H D Finance

International City Holdings (ICH) the parent company of moneybroker, Charles Fulton, has acquired HID Finance Group and its subsidiary National Leasing and Finance Company (NLF) for an undisclosed combination of sbares and cash. ICH—which is seeking a full stock exchange quotation on Wednesday—will now control e joint money broking and leasing company with combined pre-tax profits of about £11.4m.

NLF arranged about £400m of assets financing in its year ended International City Holdings assets financing in its year ended July 31 and made after-tax profits of over £2m.

Willaire Systems Willaire Systems, a manutacturere of environmental control equipment, has turned in a small £2.000 taxable profit for the first balf of 1985 compared with a £29.000 loss last time.

Tunover was up from £1.11m to £1.22m, generating a trading profit of £25,000 against a £9,000 Strengthening of management

resources, particularly in market-ing, is beginning to show results and progress already made is expected to be maintained, the directors state. Willaire is quoted on Unlisted Securities Market.

1,043-1,047 (-7) Based on FT Index Tel: 01-427 4411

4

British Assets earnings

British Assets Trust bas increased full year available earnings from £6m to £6.93m and is raising the final dividend by 0.2p to 1.9p, making a higher total of 7.1p against 6p. A three-for-one scrip is proposed.

near £7m

The final dividend, the direc-tors say, means that, barring any unforeseen circumstances, dividend payments for 1986 will total at least 7.6p.

at least 7.5p.

During the year to end-September 1965, good dividend increases were received from investments, particularly in the UK. Overseas dividends and income benefited from currency hedging and underwriting income also increased.

Net asset value rose by 12.6 per cent to 255.380 per share while earnings per share were 7.220 (6.240).

The high proportion of assets in the financial and consumer sectors of the market, together with currency protection, contributed in this growth.

buted to this growth.

At the year-end 55 per cent of assets were invested in the UK and 43 per cent in North America. However, e continuing Americal However, e containing programms of currency hedging meant that only 19 per cent of assets were exposed to the U.S. dollar. A small position has been taken in Hong Kong, repre-

enting 2 per cent of assets.

Low & Bonar ahead in North America

Bonar, the 75 per cent-owned North American subsidary of Low & Bonar, international packaging, textiles and electronics group, has increased pre-tax income for the nine months to August 31 1985 from CS5.31m (£2.73m) to C\$7.4m.

Net sales rose to C3103.4m against C392.87m. Sales for the third quarter were 7 per cent up on 1984, but the operating profit for the quarter was alightly down. Mr Roland Jarvis, chief executive, said the decrease was in the company's packaging operations and was due principally to non-recurring costs associated with planned expansion and competitive pressures

associated with planned expan-sion and competitive pressures on certain paper products.

In line with the current cor-porate strategy of the parent group, Bonar is incurring signi-ficant capital expenditure to improve and increase roductve improve and increase roductive carcity to support future growth objectives.

A quarterly dividend of 11.5 cents (10 cents) has been declared payable and a further announcement. Last month, Sunleigh reported disappointing figures for the first six months of 1985. Pre-tax profits fell from £113,000 to \$1.500.000.

objectives.

A quarterly dividend of 11.5 [94,000, and earnings slipped from 0.29p to 0.25p. The shares declared payable on October 31. Earnings per share were stated at C\$1.11 (C\$1).

Asset value

Resources falls

Viking Resources Trust had e net asset value of 92,98p per share at end-September 1985. against 116p a year earlier, and 111.4p at end-March 1985.

Net revenue, after tax of 1318,000 (£135,000), emerged ahead from £240,000 to £565,000 for stated earnings per share of

for stated earnings per share of 1A1p (0.5p).

The directors of this trust, which invests in companies involved in the exploration and development of natural resources, particularly oil and gas, say the interim results should not be taken as an indication for the full year. The interim dividend is increased to 0.55p (0.5p). A total of 1.15p was paid for the year to March 31.

Directors say conditions in

Sunleigh Electronics

Share dealings in Sunleigh Electronics, the USM quoted maker and distributor of optical equipment, were suspended yes-terday at the company's own

shares suspended

request pend

of Viking

Idoyd's Life Assurance, part of the Royal Insurance Group, has announced record sales for the year to September 30, 1985 in its main UK operations and god growth fer its Isle of Man offshire eubsidiary.

New annual premiums rose by nearly 30 per cent from £10.69m to £13.66m. The 94 per cent rise in individual pension premiums to £6.4m more than offset static sales on life business. However, the company reports a 40 per

Usher-Walker decrease

A continuation of a narrowing of margins has hit the first half 1985 profits of Usher-Walker, maker of printing inks and rollers. From urrover np £317,000 to £5.45m, the profit before tax has fallen hy £68,000 to £346,000.

The narrowing of margins was carry over from the second half, of 1984, the directors say scheme.

to £346,000.

The narrowing of margins was e carry over from the second half of 1984, the directors say, and was the result of substantial increases in raw materials.

Market conditions remain generally difficult but the company has obtained price rises in some important sectors of the scheme.

After tax £169,000 (£196,000) the 1985 first half not profit came to £177,000 (£218,000) for earnings of 8.24p (10.16p). The interim dividend is lifted to 2.2p (2p).

Richardsons Westgarth cuts halftime losses

FOR THE six months ended June 30 1985 Richardsons Westgarth has reduced its loss substantially, and for the last two quarters has been in profit.

The group's principal activities are engineering and stock-

Directors say conditions in the oil and gas industry have continued to deteriorate in the period under review, with pressure on prices and financial restraints combining to restrict exploration expenditure across the industry.

While the approach of winter is beining to increase spot oil The group's principal activities are engineering and stock-bolding. In the balf year its turnover amounted to £8.87m, compared with £11.12m, and the pre-tax loss of £706,000 was reduced to £35,000. is helping to increase spot oil prices, it is not yet clear bow the supply/demand picture will look next spring, particularly in view of Saudi Arabia's decision to raise its oil exports.

In the second quarter the group produced e pre-tax profit of £28,000, and management accounts for three months to the

which represents the loss on dis-posal of Eric C. Flower, plumb-

ing contractors.

In the period the group move into a trading profit of £123,000, from e loss of £471,000. But interest charges outstripped this, being £158,000 (£235,000). The loss per share is 0.30 (5.5p) and there is the extraordinary charge (credit £221,000).

Smurfit Corp profits down 47%

The strong dollar has been lamed for a fall in sales and profits by Jefferson Smurfit Coreration, the 79 per cent-owned U.S. subsidiary of the Dublin-based Jefferson Smurfit Group. In the third quarter ended September pre-tax income fell by 47 per cent from \$12.23m

(£8.57m) to \$6.5m on sales down tx8.5/m) to \$6.5m on sales down from \$169.1m to \$155.63m.

That left turnover for the nine months at \$479.57m (\$507.33m) with pre-tax income of \$22.51m (\$31.89m). With tax of \$9.23m (\$14.52m), the income per share for the first nine months is stated at \$1.38, against a comparable \$1.81.

This announcement appears as a matter of record only.

October 1985.

LADBROKE INDEX

ENTE NAZIONALE IDROCARBURI

E.N.L

NOTICE OF REDEMPTION To the Holders of

(National Hydrocarbons Authority) 63/4% Sinking Fund Debentures due June 1, 1988

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Sinking Fund for the Debentures of the above-described issue, Morgan Guaranty Trust Company of New York, as Fiscal Agent, has selected by lot for redemption on December 1, 1985 at the principal amount thereof \$750,000 principal amount of said Debentures, as follows:

Outstanding Debentures of U.S. \$1,000 Each of Prefix "M" Bearing Serial Numbers Ending in the Following Two Digits:

On December 1, 1985, there will become and be due and payable upon each Debenture the principal amount thereof, in such coin or curreccy of the United States of America as on said date is legal tender for the payment therein of public and private debts, at the option of the holder, either (a) at the corporate trust office of Morgan Guaranty Trust Company of New York, 13th Floor, 30 West Broadway, New York, N.Y. 10015, or (h) subject to any laws and regulations applicable thereto with respect to the payment, currency of payment or otherwise in the country of any of the following offices, et the principal office of Benca Narionale del Lavoro io Rome or the principal office of Banca Company of New York in London, Brussels, Paris or Frankfurt or the main office of Algemene Bank Nederland N.V. in Amsterdam or the main office of Argemene Bank Nederland N.V. in Amsterdam or the main office of Krediethank S.A. Luxembourgeoise in Luxembourg-Ville, Payments at the office of any paying agent outside of the United States will be made by check drawn on, or transfer to a United States dollar account with, a bank in the Borough of Manhattan, City and State of New York, Any payment made by transfer to an eccount maintained by the payee with a bank in the United States may be subject to reporting to the United States Internal Revenue Service (IRS) and to backup withholding at a rate of 20% if payees not recognized as exempt recipients fail to provide the paying agent with an executed IRS Form W-3, certifying under penaltics of perjury the payee is not a United States person or an executed IRS Form W-9, certifying under penaltics of perjury the payee's taxpayer identification number or social security number, as appropriate). Those holders who are required to provide their correct taxpayer identification number on Internal Revenue Service Form W-9 and who fail to do so may also be subject to a penalty of \$50. Please therefore provide the appropriate certification when presenting your securities for payment.

Debentures surrender

From and after December 1, 1985 interest shall cease to accrue on the Debet

ENTE NAZIONALE IDROCARBURI By: MORGAN GUARANTY TRUST COMPANY OF REW YORK, Fiscal Agent

NOTICE

October 24, 1985

The following Debentures previously called for redemption have not yet been presented for

DEBENTURES OF U.S. \$1,000 EACH

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to-whether the dividenda are intarims or finals and the subdivisions shown below are based mainly on last year's timetable. TODAY interims: Capital and Counties. Clement Clarks. Derwant Valley, El Oro Mining and Exploration, English and intermetional Trust, Exploration Company, Glanfield Lawrance, Globe investment Trust, Henderson Group, Marks and Spencer, OK Gazzere (1929).

BASE LENDING RATES

DUAL PEND	HIM WAILS
ABN Bank 111%	■ Hambros Bank
Allied Dunbar & Co 111%	Heritable & Gen. T
Allied Irish Bank 111%	# Hill Samuel
American Express Bk. 111%	C. Hoare & Co
Henry Ansbacher 114%	Hongkong & Shan
Amro Bank 114%	Johnson Matthey I
Associates Cap. Corp. 12 %	Knowsiey & Co Lt
Banco de Bilbao 111%	Lloyds Bank
Bank Hapoalim 111%	Edward Manson &
BCCI 111%	Meghraj & Sons La
Bank of Ireland 111%	Midland Bank
Bank of Cyprus 111%	Morgan Grenfell
Bank of India 112%	. Mount Credit Corp.
Bank of Scotland 111%	National Bk of Ku
Banque Belge Ltd 111%	National Giro Ban
Barclays Bank 111%	National Westmins
Beneficial Trust Ltd 121%	Narthern Bank Lt
Brit. Bank of Mid East 111%	Norwich Gen. Trus
Brown Shipley 111%	People's Trust
CL Bank Nederland 111%	PK Finans, Intl. (
Canada Permanent 111%	Provincial Trust Li
Cayzer Ltd 111%	R. Raphael & Son
Cedar Holdings 12 %	Roxburghe Guaran
Charterhouse Japhet 113%	Royal Bank of Scot
Choulartons**	Royal Trust Co Car
Citibank NA 11196	Standard Chartere
Citibank Savings 1121%	TCB
City Merchants Bank 111%	Trustee Savings 1
Ciydesdale Bank 111%	United Bank of Ku
C. E. Coates & Co Ltd . 12 %	United Mizrahi Bar
Comm. Bk. N. East 111%	Westpac Banking C
Consolidated Credits 111%	Whiteway Laidlaw
Continental Trust Ltd . 111%	Yorkshire Bank
Consensing Dank 61110	- sta-base of the Asses

7-day deposits 8,00%. 1-month 8.50%. Top Tier—£2,500+ et 3 months notice 11.25%. At call when £10,000+ remeins deposited. Call deposits £1,000 end ever 8,00% gross. Buncan Lawrie 11/%

E. T. Trust 12 %

Exeter Trust Lid 12 %

Financial & Gen. Sec. 11/%

First Nat. Fin. Corp. 12/%

First Nat. Sec. Ltd 12/%

Robert Fleming & Co. 11/%

Robert Fraser & Pirs. 12/%

Grindlays Bank 11/%

Guinness Mahon 11/% 5

CAS GROUP

A new Company formed by members of management and by institutions has recently acquired Credit Ancillary

The following syndicate of investors subscribed a total of £5 M:

Services Limited and Midland Computer Holdings Limited.

Investors in Industry plc Abingworth plc Charterhouse Development Limited

County Bank Development Capital Limited Kleinwort Benson Development Capital Limited

> The syndicate leader was Investors in Industry plc

CAS Group provides a range of ancillary services to the consumer credit industry.



China & Eastern Investment Company Limited

(Incorporated in and under the laws of Hong Kong with limited liability)

OFFER FOR SUBSCRIPTION

Baring Brothers & Co., Limited

of 17,000,000 Ordinary Shares of US50 cents each (with 3,400,000 Warrants) at US\$1 per Ordinary Share or, at the option of each applicant, 71p per Ordinary Share, payable in full on application.

Latest time for receipt of

THE PARTY OF

10.00 hours (London time) Friday,

Expected date for posting of Share

Monday, 11th November, 1985

Expected date of commencement of separate dealings in the Ordinary Shares and Warrants

Tuesday, 12th November, 1985

The distribution of this prospectus and/or the offering of Ordinary Shares and/or Warrants may be restricted in certain jurisdictions; persons into whose possession this prospectus comes are required by the Company to inform themselves of and to observe any such restrictions. In particular this prospectus may not be used for the purpose of an offer or solucitation in any jurisdiction or in any circumstances in which such offer or

Neither the Ordinary Shares nor the Warrants are being registered under the United States Securities Act of 1933. Accordingly, they may not at any time, directly or indirectly, be offered, sold or delivered in the United States (which expression means the United States of America, its territories, possessions and any areas subject to its jurisdiction), or to or for the benefit of any person who is a national or citizen or a resident or normally a resident thereof, including the estate of any such person, or to any corporation, partnership or other entity created or organised in or under the laws of the United States or any political subdivision thereof. In order to give effect to these restrictions, every applicant for Ordinary Shares (with Warrants) will be required to make the declaration in the form contained in the Application Form.

Potential subscribers should inform themselves as to (a) the possible tax consequences, (b) the legal requirements and (c) any foreign exchange restrictions or exchange control requirements which they might encounter under the laws of the countries of their citizenship, residence or domicile and which might be relevant to the subscription, holding and disposal of Ordinary Shares and/or Warrants and/or the

Any information given or representation made by any dealer, salesman or other person and not contained herein should be regarded as unauthorised and should accordingly not be relied upon. Neither the delivery of this prospectus nor the offer, issue or sale of Ordinary Shares or Warrants shall, under any circumstances, constitute a representation that the information given in this prospectus is correct as of any time subsequent to the date hereof. This prospectus is issued solely for the purpose of the present Offer for Subscription.

Neither this prospectus nor any other offering material relating to the Ordinary Shares and the Warrants may be issued or distributed in Hong Kong.

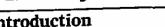
References in this prospectus to USS, US dollars and cents are to the lawful currency of the United States of America.

Statistical Information

Utiless stated otherwise, the statistics on China, Japan and Hong Kong in this prospectus are derived from published sources. Potential investors should be aware that the collation of statistics, although quoted or extrapolated in good faith, is always difficult, particularly in a country the size of China, and it is likely that at least in some cases such statistics may be inaccurate to a material degree. Nevertheless, the Directors consider the inclusion of (or of information based on) the published statistics concerned is more likely to be helpful than misleading to the potential investor,

The Company has no loan capital (including term loans) outstanding, or created but unissued, nor any outstanding mortgages, charges, debentures or other borrowings or indebtedness in the nature of borrowing, including bank overdrafts and liabilities under acceptances or acceptance credits or other similar indebtedness. nor any hire purchase commitments or guarantees or other material

I. Policy and Markets



The principal purpose of the Company is long term capital appreciation primarily through investment in companies with direct business involvement in the People's Republic of China "China". One of the longer term objectives of the Company is 10 establish substantial direct investment there. The uncertainties inherent in the present system of direct investment in China, particularly as to the regulations on corporate ownership, repatration of profits, accounting practices and legal structure, could delay or even frustrate the achievement of this objective. Nevertheless, the Directors believe that, based on the growth since 1979 of foreign trade with China and investments in China, both of which have been actively supported by the Chinese authorities, opportunities will continue to arise and the prospects for investment and trade will expand. It should be noted, however, that there is currently no stock exchange in China.

Japan and Hong Kong have developed significant economic and trading ties with China. Their principal stock markets list a wide range of quoted companies engaged in China-related activities. The financial statements of a number of Japanese companies reveal that such activities account for over 5 per cent. of their consolidated sales. The Directors consider this percentage to be relatively high given the short period during which the growth in foreign trade with China and investment in that country has been officially encouraged by the Chinese authorities.

The Directors consider it prudent initially to invest the large majority of the Company's gross



The Offer for Subscription has been fully underwritten by Baring Brothers & Co., Limited ("Barings"). The Directors are aware of intended applications for a total of 17,000,000 Ordinary Shares (with Warrants). Such applications, if received, will be accepted in respect of not less than 12,750,000 Ordinary Shares (with Warrants), constituting 75 per cent. of the Ordinary Shares (with Warrants) being offered for subscription. Consequently, applications from the public are likely to be accepted in respect of not more than 4,250,000 Ordinary Shares (with Warrants), constituting 25 per cent. of the Ordinary Shares (with Warrants) being offered for subscription.

Share Capital



Authorised US\$

Issued and now being issued US\$

11,500,000

in Ordinary Shares of US50 cents each

The Ordinary Shares now being offered for subscription rank in full for all dividends and other distributions hereafter declared, made or paid on the ordinary share capital of the Company. Successful applicants for the Ordinary Shares now being offered will receive Warrants, on the basis of one Warrant for every five Ordinary Shares. each carrying the right, exercisable between 1st October, 1988 and 30th September, 1991 inclusive, to subscribe for one Ordinary Share at

Indebtedness

contingent liabilities.

assets in companies whose shares are quoted on the Tokyo or Hong Kong stock exchanges and which are engaged in China-related activities. The Company therefore will be able to maintain both flexibility and a high level of relatively liquid investment, whilst at the same time avoiding undue political risk. Investment in companies in these two markets will be aimed at deriving maximum benefit from the prime position of Japan and Hong Kong in the opening up of China to loveign trade and investment.

The net proceeds of the issue are estimated to be approximately US\$16.14 million, which will be applied in accordance with the Company's investment policy.

Investment Policy

In keeping with the investment objectives set out above, the Company's intention is that approximately 75 per cent. of its gross assets will initially be invested in quoted Japanese and, to a lesser extent, Hong Kong companies which are believed by the Company or the Investment Manager to have continuing businese activities in or with China or to have a reasonable prospect of developing such activities within three years from the making of the investment. In many cases, however, these activities will not account for more than 5 per cent. of the consolidated sales of the companies concerned and may resent an even smaller proportion.

It is also envisaged that a modest proportion of the gross assets, probably not exceeding 10 per cent. by book value, will be invested in companies quoted elsewhere, particularly in the United States, the United Kingdom and Singapore, so long as they too are believed to meet the criteria set out above.

With a view to initiating the longer term direct investment objective of the Company referred to above, it is envisaged that initially some 15 per cent. of the Company's gross assets will be allocated for

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Directors, Officers and Advisers



Directors

15 Queen's Road Central, Hong Kong NIGEL EDWARD MELVILLE (Briush) KIMISATO NAGAMINE (Japaneset 11-A-1 Imperial Tower, 1-1 Uchisiwai-cho 1-chome Chiyoda-ku, Tokyo 100, Japan EDWARD REMINGTON-HOBBS (Britisb) 9 Bishopsgate, London EC2N 3AQ, England DAVID GEORGE PETER SCHOLFIELD (British) 1901 Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong JONATHAN JEREMY KIRWAN TAYLOR (British) 9 Bishopsgate, London EC2N 3AQ, England JAMES PIRAN WILLIAMS (British)

Advisory Council

9 Bishopsgate, London EC2N 3AQ, England CHRISTOPHER CHENG (Hung Kong) HIDEO HOZUMI (Japanese) VINCENT LO (Hong Kong) ROBERT LYLE (British) MI GUO JUN (Chinese) STEPHEN TSUNG (Hong Kong) ZHANG FANG MING (Chinese) DAVID GEORGE PETER SCHOLFIELD

Secretary and Registered Office

Investment Manager

Issuing House Stockbrokers

Solicitors to the Company and to the Issue Auditors and Reporting Accountants

Bankers

Receiving Bankers

Share and Warrant Registrar London Transfer Agent

Wing On Centre, 26th Floor, 111 Connaught Road Central, Hong Kong Baring International Fund Managers Limited ("BIFM"), 1901 Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong Baring Brothers & Co., Limited, 8 Bishopsgate, London EU2N 4AE, England James Capel & Co., Winchester House, 100 Old Broad Street, London EC2N 1BQ, England Slaughter and May, 35 Basinghall Street, London EC2V 5DB, England and 27th Floor, Two Exchange Square, Hong Kong Deloitte Haskins & Sells, (Certified Public Accountants) Wing On Centre, 26th Floor, 111 Connaught Road Central, Hong Kong Bank of East Asia Limited, 10 Des Veux Road Central, Hong Kong Baring Brothers Asia Limited, 1605, One Exchange Square, Hong Kong The Hongkong and Shanghai Banking Corporation, 1 Queen's Road Central, Hong Koog Baring Brothers & Co., Limited, 8 Bishopsgate, London EC2N 4AE, England Central Registration Hong Kong Limited, 18th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong Ravensbourne Registration Services Ltd., Bourne House, 34 Beckenham Road, Beckenham BR3 4TU, England

direct investment in China. It is not expected that the initial amount will be invested quickly, or even that a substantial part of it will necessarily be invested in the first year, as a cautious approach will be adopted. These investments are likely to take a number of forms: they may, for example, be made directly in individual projects or in unquoted joint venture companies formed outside China for the purpose of such direct investment. They will generally be sponsored by local or provincial authorities, will normally involve significant management participation by foreign nationals, including overseas Chinese, and may comprise both development capital and participations in established operations. In view of the illiquidity of such investments and the present uncertainty of the regulatory environment within China, the amount of investment in any one project or company will be relatively small (generally not exceeding the greater of USSO.5 million and two per cent. of the Company's gross assets) and the spread of investments will be wide.

Depending on the success of these initial direct investments and the continuing availability of suitable opportunities, the Directors intend that in the longer term the percentage of the Company's gross assets directly invested in China will be gradually increased. The present target is of the order of 30 per cent. of the Company's gross assets within five years. The five areas in which the Company intends to concentrate its direct investment activities are power and power generation, technology, tourism and lessure construction and light manufacturing industry.

It is the policy of the Directors that the Company will not take legal or management control of any of the companies or projects in which it invests and that o will not normally acquire more than 15 per cent of the equity of any one company or project. Not more than 7.5 per cent. of the Company's gross assets will be put into any one investment (taking account of any existing holding), thereby maintaining a reasonable spread of investments. The policies described in this paragraph will be adhered to for a minimum of three years following listing of the Ordinary Shares.

Borrowings and Cash Resources

The Directors have the power to borrow amounts up to 25 per cent, of the Adjusted Capital and Reserves (as defined in the Company's Articles of Association). The Directors will also have the power to charge the Company's assets as security for any such borrowings.

The aim of the Company is to achieve long term capital appreciation in US dollars. It is intended, when considered prudent or necessary, that the risk of depreciation in US dollar terms of investments denominated in other currencies may in part be hedged through the currency futures or options markets. However, the Directors do not intend that the level of hedging at any one time will exceed 35 per cent. of the US dollar book value of the quoted investments of the Company.

While the policy of the Directors is that the assets of the Company should be kept invested in accordance with the investment policy described above, cash reserves may be held from time to time to take advantage of investment opportunities as they arise. In addition, general market conditions, particularly in Japan or Hong Kong, which may be unrelated to factors specifically affecting China, could make it advisable for the Company to maintain significant liquidity in the form of cash or short-term investments pending re-investment.

Dividend Policy

The Directors intend that substantially all the net revenue surplus will be distributed. Given the low yields available from the range of securities, particularly in Japan, in which the Company intends to invest and the likely lack of dividend from the direct China investments in the early years, such net revenue surplus (if any) is likely to be small. With a view to providing a surplus for distribution each year, the Directors intend to establish a wholly-owned dealing subsidiary.

China History 1949-78

The People's Republic of China was founded on 1st October, 1949, following a prolonged period of civil war and conflict with Japan, which had occupied much of the country between 1931 and 1945. The Communist Government inherited a country with virtually no heavy industry, a weak infrastructure and a substantially devalued currency. Much large plant and machinery had either been removed by the Russians in the North or destroyed by the defeated Nationalists in the South.

The State rapidly took over almost all sectors of the economy, notably agriculture, land, distribution and manufacturing. A series of Five-Year Plans was inaugurated, the first commencing in 1953, since when average real economic growth has exceeded 6.2 per cent. per annum. However, the population has grown rapidly, from 542 million in 1949 to 1.036 million by the end of 1984, eroding much of the benefit of these gains and leading to stringent family planning controls in the late 1970's. Considerable wastage occurred through the misdirection of investment and the setting of unrealistic targets. Throughout most of the period from 1949 to 1978, foreigners (other than from the Soviet bloc) were largely debarred from economic activity within China and the level of technology remained relatively low. However, the government did enjoy success in three areas – the maintenance of a low inflation rate, a more equitable distribution of land and food and an improvement in health conditions.

By the early 1970s it became apparent that the economy was faltering. The Cultural Revolution seriously disrupted all aspects of economic and political life, particularly between 1966 and 1968, whilst the period between 1974 and 1976, under a radical left wing clique dubbed the "Gang of Four", resulted in further dialocation.

By 1978 political opinion had consolidated around three principal tenets - the need to modernise the economy, to dismantle excessive bureaucratic controls and to make greater use of market forces to stimulate production. There was also a widespread desire not to repeat the mistakes of the Cultural Revolution. This school of opinion, led by Deng Xiao Ping, has been the basis of economic policy to the

The pace of change arising from these reforms has accelerated in the last few years. The first joint ventures with foreigners commenced in 1979 and have rapidly grown by number and value. Four Special Economic Zones were established in 1980 aimed at attracting foreign investment, whilst in 1984 14 coastal cities were established as special areas for foreign investment and trading, in view of the overheading of the coonomy discussed in Part VI, foreign investment in 10 of these has been temporarily curtailed and it is still too early to judge the success of the other four. Between 1978 and 1982 real economic growth averaged 5.8 per cent. per amount compared with 4.4 per cent. per amount in the period 1957 to 1978.

At the Chinese Communist Party conference held in September, 1985, the outline economic plan for the years 1986 to 1990 was approved. The plan, which is still subject to final adjustment, indicated that, despite opposition from some quarters within the party. China is continuing to develop reforms directed at further decentralisation of the governmental planning process and the opening up of some sectors of the economy to competitive market forces. However, the plan and various speeches made by senior officials including Premier Zhao Ziyang suggest that in 1986 and 1987 governmental spending will not be increased over the 1935 level and that emphasis will be given to belancing imports by exports and concentrating foreign investment and technology in export related industries. The plan sets an annual growth target for 1986-90 of 7 per cent.

Further detailed information on China is set out in Part VI.

Why China?

It is the Directors' belief that the opening up of China to foreign trade and investment is not a temporary phenomenon. It is a central feature of the government's programme and has already created and continues to give rise to conditions and expectations which, in the light of published statements by senior officials, the Directors consider that the Chinese government would not wish to reverse or disappoint. Moreover, the cooperation which China has received from overseas in implementing this policy has both accelerated its effect in the short term and encouraged China to continue and expand its

From a relatively low economic base progress can be rapid, as China has illustrated, but it is unlikely to be smooth. It is recognised that the risks associated with direct investment in China are many. Nevertheless, it is the Directors' conviction that, if the current political and economic politics are athered to. China, which until recently was a minor economic power outside mainstream developments within the Far East, will in time assume a role more proportionate both to its geographical size and position, and to its population and natural resource base.

Japan and China

To compensate for a slowdown in world economic growth in the early 1980's and the emergence of protectionist sentiment in North America and Europe, Japanese companies have successfully sought new markets and increased their competitiveness. This is reflected in the recent marked recovery of exports, which during the years 1980 to 1984 grew at an average of 10.2 per cent. per annum (in yen terms), and in the consequent transformation of an annual deficit on balance of payments current account of US\$10.75 billion at the beginning of the period into a surplus of US\$35.03 billion at the end. The rate of inflation was reduced over the period from 8.0 per cent. to 2.2 per cent. (after a low of 1.9 per cent. in 1983), whilst an average annual real growth rate of 4.3 per cent. per annum over the period was achieved (compared with an average of 1.9 per cent. per annum in the member nations of the Organisation for Economic Cooperation and Development). This growth rate has been mirrored by a steady upward treat in the leading Japanese stock market indices over the last 10 years.

Trade between Japan and China has increased, rising fourfold in the last decade, and in 1984 Japan accounted for 26 per cent. of total Chinese foreign trade in US dollar terms). Many Japanese companies now regard China as a major market with great potential for the future. Whilst Japan's imports from China are predominantly mineral products, it is in textile products that the main expansion has occurred. The interdependence of the two countries is growing, with Japanese imports from China rising from 2.6 per cent. of total Japanese imports in 1978 to 4.4 per cent. in 1984. For atatistical information on the Japanese economy and stock market performance see Part VI.

CHINA'S TRADE WITH JAPAN

YEAR	CHINA'S IMPORTS US \$m	CHINA'S EXPORTS US \$m
1972	609	491
1973	1,039	974
1974	1,984	1,305
1975	2,259	1,531
1976	1,663	1,371
1977	1,939	1,547
1978	3,049	2,030
1979	3,699	2,955
1980	5,078	4,323
1981	5,095	5,292
1982	3,511	5,352
1983	4,912	5,087
1984	7,217	5,958

Source: Ministry of Finance of Japan

Hong Kong and China

in 1984 Hong Kong had one of the highest economic growth rates in the world, with a real increase over 1983 in Gross Domestic Product of 9.6 per cent. to a total of USS31.92 billion. This was achieved after two years in which growth rates were constrained by the global recession, especially the downturn in trade, and by the uncertainty about the inture of Hong Kong, and is above the average similal growth rate of 8.8 per cent. achieved in the 10 years to 1984. In his recent review of Hong Kong's economic performance for the first half of this year, Hong Kong's Financial Secretary revised downwards his growth forecast for 1985 to 4½-5 per cent. in real terms. The overall success of the Hong Kong economy is widely attributed to limited intervention by the government and the relatively free market that exists, with manufacturers having the flexibility to shirt production to meet demand.

The Hang Seng Index has recorded a compound growth rate of 18 per cent. per amount in the 10 years to 31st August, 1985, although the Hong Kong stock market has historically been one of the most volatile in the world. This volatility has been exacerbated by relatively loose controls over the banking system, especially in bank lending, as well as the erratic performance in the early 1980's of the Hong Kong dollar against the US dollar fitself partly a reaction to political uncertainty). However, in October, 1983, the value of the Hong Kong dollar was officially linked at HK\$7.80 to the US dollar, since when the exchange rate against the US dollar has remained stable.

Since 1949 the Chinese government has never recognised the arrangements, commencing with the Treaty of Nanjang in 1842, under which Britain acquired Hong Kong. In recent years, however, Sino-British relations have improved significantly. A conference about Hong Kong's future started in September, 1982, and after two years of negotiation a draft agreement between the governments of the United Kingdom and China on Hong Kong was published in September, 1984. Both governments ratified the "Joint Statement about the Hong Kong Issue" in May, 1985 under which China will regain soverteignly over Hong Kong on 1st July, 1997. The Joint Statement provides that the present political and economic structure will be maintained for 50 years thereafter, enshrined in the "One Country Two Systems" policy to be practised by China. The British Government will continue to be responsible for administration until 30th Inne. 1997.

These political developments about the future of Hong Kong have followed the rapid growth of trading relationships between Hong Kong and China. Between 1979 and 1984 China's share of Hong Kong's overseas trade rose from 10.5 per cent. 10 21.4 per cent. and by the end of 1984 China had become Hong Kong's most important trading partner in US dollar terms. The Directors believe that Hong Kong has already become the 'de facto' commercial capital of southern China and has assumed the role of China's principal entrepot. Moreover, for most foreign corporations it is probably the most convenient and practical city to use as a base for operations in China. As a result of these factors, it is the Directors'

CHINA'S TRADE WITH HONG KONG

YEAR.	CHINA'S IMPORTS HK \$m	CHINA'S EXPORTS HK \$m
1972	103	3,847
1973	271	5,634
1974	296	5,991
1975	165	6,805
1976	147	7,761
1977	206	8,082
1978	295	10,550
1979	1,918	15,130
1980	6,247	21,948
1981	10,968	29,510
1982	11,798	32,935
1983	18,406	42,821
1984	39,348	55,753

Source: Hong Kong Trade Statistics

opinion that the Hong Kong economy will become increasingly dependent upon the health of the Chinese economy for its own success and that the stock market of Hong Kong will gradually be transformed into a barometer of the Chinese economy and Chinese political stability. For statistical information and stock market performance on the Rong Kong economy see Part VI.

Risk Factors

An investment in the Ordinary Shares or Warrants may be regarded as particularly susceptible to

In view of the relatively small percentage of consolidated sales and capital employed which the companies in which the Company is proposing to invest are likely to have in China, the risk of their share prices being affected by factors not specifically relating to China.

2. With regard to that part of the portfolio which is directly invested in China, its fittely illiquidity, the currency risk as between the Yuan and the US dollar, the existing restrictions on the remittance of dividends and repatriation of capital and the risk of those restrictions being tightened (see Part VI. Section A paragraph (v)), and the general China political and economic risk, including the risk of expropriation of foreign assets.

The inevitable uncertainty surrounding the implementation of the provisions of the Sino-British Joint Statement on Hong Kong, the jurisdiction of incorporation and the residence of the Company.

II. Directors, Advisory Council and Management



The following are the Directors of the Company. It is intended that a representative of institutional shareholders be invited to join the Board once fating has been obtained. With the exception of Nigel Melville and Edward Remington-Hobbs all the Directors are Executive Directors of BIFM, with whom the Company has entered into an investment management agreement.

John Bolsover (Chairman), aged 38, has been the Managing Director of Bering International Investment Management Limited ("BILA") since its establishment in 1975 in Hong Kong, where he lived from 1971 until September, 1985. He is now Chief Executive of the BIIM group, based in London, and ues to specialise in Japanese and Asian stock markets.

Jonathan Compton, aged 32, joined BIIM in Hong Kong in 1981, having specialised in international investment, with particular emphasis on Hong Kong, China and South East Asia, since 1976. He is responsible for all the Company's direct and indirect investment in Hong Kong and for monitoring

Nigel Melville, aged 40, is a director of Barings and Managing Director of Baring Brothers Asia Limited. He has been in Hong Kong since 1983 and was previously based in Singapore for five years. He joined Barings in 1974 and has specialised in corporate finance.

Rimisato Nagamine, seed 42 is the Managing Director of BIIM in Tokyo. He worked with Nonura Securities Co., Limited for 16 years until 1981, the last four of which he spent in Hong Kong, before joining BIIM. In 1982 he established BIIM's Tokyo office. His specialist area continues to be se stock market investment.

Edward Remington Hobbs, aged 30, worked for James Capel & Co. until joining BillM in London in 1982. Early in 1986 he will be moving to BillM's Tokyo office where part of his brief will be to concentrate on developments between Japan and China.

David Scholfield, aged 41, is the Managing Director of BIIM's Hong Kong subsidiary, and is responsible for administration. He joined BIIM in 1982 after 20 years in The Royal Scots Dragoon Guards. Jonathan Taylor, aged 42, was closely involved whilst in Hong Kong in the actting up of BIIM in 1975, and has been a director of BIIM since 1976. He returned to England in 1978 to establish BIIM's London office, of which he is Managing Director. He worked for Barings between 1969 and 1975.

James Williams, aged 35, was one of the original directors of BIIM when it was forreed in 1975. He worked in Hong Kong from 1975 until 1981, specialising in Japanese and Asian stock market investments. Since 1981 he has been based in the BIIM office in London managing investments in Asia. The present Directors have indicated that, in view of the management fee to be payable to BIFM. (see paragraph 9(b) of Part VII), they intend that the Company will pay them no fees.

Advisory Council

The Advisory Council is established by the Company's Articles of Association and its members appointed and removed by the Directors. The Directors will consult the Advisory Council formally twice a year or more frequently where appropriate on relevant aspects of the Company's affairs, and, in particular, will submit to the Advisory Council plans for the implementation of the investment policies of the

The members of the Advisory Council are not Directors of the Company and have no executive authority. They will receive fees or annual retainers as determined by the Directors (and fixed at US\$4,000 each for the first year) and expenses in respect of their services. The following have agreed to serve on the Advisory Council: -

Christopher Cheng, Managing Director of Wing Tai Group of companies, has, for the lest 10 years, been a member actively involved in many of the Hong Kong Government's advisory boards relating to trade and industry. He has also acted as an advisor to the Hong Kong Government's international trade

Hideo Hozumi is based in Japan. For 26 years he worked for Massishita Electric Industrial ("MEI"). He is now a technical adviser to, interesting MEI and Massishita Technology Research. Vincent Lo is the Managing Director of the Hong Kong quoted Shui On Group Limited, a construction and investment company operating in Hong Kong and China.

Robert Lyle is a director and co-founder of Berry Palmer & Lyle Limited, a company specialising management and insurance of financial risk in international investment and trading projects, and ing director of its subsidiary, BPL (China) Limited. Mi. Guo Jun is the Managing Director of China International Trust and Investment Corporation (Hong Kong) prior to which he worked at the Chinese Embassy in Japan and was a member of the Permanent Chinese Delegation to the United Nations.

Stephen Tsung was born in Shanghai and has lived in Hong Kong for 16 years. He is now a director of Oilmet Resources N.L., a quoted Australian company engaged in trading and project investment in China, prior to which be worked for ANZ Finance (Far East) Limited as Chief Manager with responsibilities including that of "Country Head" for China.

Zhang Fang Ming is an Assistant Manager of the China International Trust and Investment Corporation (Hong Kong), the principal overseas and investment exponation of China, and is a deputy director at the Ministry of Foreign Trade.

Investment Management

The Directors will be responsible for the determination of the Company's investment policy and will have overall countrol of the Company's activities. The Company has appended BIFM as investment manager to manage the Company's portfolio on a day-to-day basis and to be responsible for specific investment decisions.

BIFM is a wholly-owned subsidiary of BIIM. BIFM was incorporated in Hong Kong in 1976 as Henderson BSM Management Limited and subsequently changed its name to Henderson Baring Fund Managers Limited. On 22nd January, 1985 its name was changed to Baring International Fund Managers Limited in consequence of Barings acquiring the full ownership of BIIM, and thus indirectly of BIFM, by its purchase of the shares in BIIM previously held by Henderson Administration Group pic.

On 17th September, 1985 BIIM moved its head office from Hong Kong to London, BIFM however remains managed and controlled in Hong Kong. The BIIM group has offices in Hong Kong (established in 1975), Tokyo (established in 1982) and Boston (established in 1982).

Bill group employs 15 investment managers, 12 of whom specialise in the Far Eastern stock markets. The group's total staff is 98 of whom 55 are employed in Hong Kong and five are employed in Tokyo. Bill spoicy is to limit the number of portfolios managed by each manager in order to provide a more effective service, and the average client to manager ratio is approximately 5: 1.

On 19th September, 1985 the BHM group managed or advised 55 accounts with total assets of over US\$1,500 milion, comprising 28 portfolios for pension finds, nine offshore and co-mingled funds, six United Kingdom authorised unit trusts, seven Japanese funds, one investment trust and four governmental, individual and bank funds.

Management Fee

BIFM will receive the equivalent of an annual fee of 144 per cent, of the value of the Company's net assets, determined and payable quarterly in arrears and will not receive any other remaineration from the management of the Company's assets. The terms of the BIFM management agreement are summarised in Part VII paragraph 9(b).

III. Ordinary Shares and Warrants



It is proposed that the Company should raise the sum of US\$17,000,000 (before the expenses of the issue) by the issue of 17,000,000 Ordinary Shares of US\$0 cents each (with Warrants) at a subscription price of US\$1 per Ordinary Share or, at the option of each applicant, 71p per Ordinary Share (including a premium of US\$0 cents per Ordinary Share), payable in full on application. The Ordinary Shares now being issued will rank in full for all dividends and other distributions hereafter declared, made or paid on the ordinary share capital of the Company.

Successful applicants will receive Warrants, no the basis of one Warrant for every five Ordinary Shares. Each Warrant will confer the right to subscribe for one Ordinary Share. The Warrants will be exercisable between 1st October, 1988 and 30th September, 1991 inclusive at a subscription price of US\$1 per Ordinary Share. The number of Warrants (and of Ordinary Shares into which they are exercisable) and the subscription price per Ordinary Share are subject to adjustment in certain circumstances. Further details of the Warrants are set out in Part V.

IV. Taxation and Stamp Duty



Investors should consult their professional advisers on the possible tax and stamp duty consequences of buying, holding or selling Ordinary Stares or Warrants or exercising Warrants under the laws of Deir country of citizenship, residence or domicile.

The following summary of the position in Hong Kong and the United Kingdom is based on the law and practice currently in force and is subject to any changes therein.

Since the Company will be carrying on business in Hong Kong it will be chargeable to Hong Kong profits tax (corrently at the rate of 18.5 per cent.) in respect of its profits (which would not include dividends or capital gains) arising in or derived from Hong Kong and any interest received accruing to the Company. The Directors consider that, in view of the investment objectives and policies described above, the amount of profits tax for which the Company will be liable in any year is not, under current law and practice, likely to be material.

No tax will be payable in Hong Kong in respect of dividends of the Company or in respect of any capital gains arising on the sale of Ordinary Stares or Warrants, except that Hong Kong profits tax may arise in the case of certain persons carrying on a trade, profession or business in Hong Kong.

Any person who effects a sale or purchase of Ordinary Shares or Warrants is required under Hong Kong law to execute a contract note and cause the note to be stamped. Contract notes attract stamp duty at the rate of 0.3 per cent. (i.e. 0.3 per cent. for the sale and a further 0.3 per cent. for the purchase). It in the case of a sale or purchase of Ordinary Shares or Warrants by a person who is not resident in Hong Kong, the stamp duty on either or both of the contract notes is not paid, the transferee will be liable to pay stamp duty on the instrument of transfer in an amount equal to the unpaid duty.

On the basis (as is intended) that for taxation purposes neither the central management and control nor the day-to-day management of the Company will be undertaken in the United Kingdom, the Company should not be liable to United Kingdom corporation tax on its income or gains.

Subject to their individual circumstances, shareholders resident in the United Kingdom for taxation purposes will be liable to United Kingdom income tax or corporation tax in respect of dividends and other income distributions of the Company and holders so resident of Ordinary Shares or Warrants as dealing stock when different rules apply will normally be liable to United Kingdom capital gains tax or corporation tax in respect of gains arising from the sale or other disposal of Ordinary Shares or Warrants. Individual shareholders who are so resident but not domiciled in the United Kingdom may be liable to such tax only on income or gains remitted to the United Kingdom.

For the purposes of United Kingdom tax on capital gains tending the amount subscribed by initial subscribers for Ordinary Sharea (with Warrants) will need to be apportioned. It is anticipated that under present law and practice, the ratio of five times the market value of an Ordinary Share and the market value of a Warrant on the first day Ordinary Shares and Warrants are traded (expected to be 12th November, 1985) should be accepted by the Inland Revenue as the appropriate ratio by which to apportion the Issue Price. Where Ordinary Shares (with Warrants) are applied for in US dollars, the base cost for the purposes of United Kingdom tax on capital gains will be treated as being the sterling equivalent at the spot rate prevailing on the due the application is accepted (expected to be 11th November, 1985).

The exercise of Warrants will not, under present law, constitute the disposal of an asset for the purposes of United Kingdom tax on capital gams and any base cost attributable to the Warrants exercised will be added to the base cost of the Stares so acquired. On exercise of Warrants (in US dollars), the subscription price will be translated into aterfing at the spot rate prevailing at the close of business on the exercise date.

The attention of individuals ordinarily resident in the United Kingdom is drawn to Section 478 of the Income and Corporation Taxes Act 1970 (the "Taxes Act"), as amended by the Finance Act 1981, which may render them liable to income tax in respect of the proportionate part of the undistributed income of the Company attributable to their holdings of Ordinary Shares. Individuals who are so ordinarily resident but who are not domiciled in any part of the United Kingdom may only be liable to such tax in respect of income remitted to the United Kingdom.

Clearance under Section 464 of the Taxes Act (cancellation of tax advantages from certain transactions in securities) has been received from the United Kingdom Board of Inland Revenue in relation to the issue by the Company of Ordinary Shares (with Warrants) for cash and (save in the case of a sale to a company in which the vendor has a substantial interest) in relation to the subsequent sale of such Ordinary Shares and Warrants through any stock exchange on which Ordinary Shares and Warrants in the company are listed or dealt in.

The attention of United Kingdom resident companies is drawn to the fact that the controlled foreign companies provisions contained in the Finance Act 1984 could be material to any United Kingdom resident company that holds, alone or together with certain other associated persons, 10 per cent. or more of the Ordinary Shares in the Company, if at the same time the Company is controlled by persons who are resident in the United Kingdom.

The Pinance Act 1984 provides that if an investor resident or ordinarily resident in the United Kingdom for taxation purposes holds a material interest in an offshore fund, and that fund does not qualify as a 'distributing fund' throughout the period that the investor holds that interest, any gain actruing to the investor mon the sale or other disposal of that interest will be trued an income and not as a capital gain. The Directors have taken advice as to whether the Ordinary Shares or Warrants constitute material interests in an offshore fund. They have been advised that the Warrants do not. They have also been advised that an Ordinary Share would not constitute such an interest unless, at the time of its acquisition, it could then reasonably approximate to the Ordinary Share could be realised within seven years for an amount reasonably approximate to the proportion of the market value of the assets of the Company attributable to that Ordinary Shares. The Directors consider that it would not be reasonable for any person who acquires Ordinary Shares pursuant to the Offer for Subscription to expect to realise such an amount for his Ordinary Shares within that period. This conclusion is based on the Directors understanding that the Inland Revenue's current practice is not to view a closed-end investment company as an offshore fund unless the price at which its shares are traded approximates to the market value of its assets on a regular basis. The Directors consider that it cannot reasonably be expected that, having regard to the volarility of the market value of the Company's assets. In these circumstances it is considered that the persons acquiring Ordinary Shares pursuant to the Offer for Subscription will not acquire material interests in an offshore fund. Accordingly, the Directors do not believe that the establishment of a wholly-owned dealing subsidiary (which would prevent the Company from qualifying as a distributing fund) is likely to be contrary to the interests of subscribers.

V. Particulars of the Warrants



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The Warrants were created by a resolution of the Board of Directors of the Company passed on 25th October, 1985 and will be issued subject to and with the benefit of the following conditions:

Subscription Rights and Compulsory Exercise

1. Subscription arights and computatory Exercise
(a) Each Warrant shall conser upon the registered holder thereof (the "holder") the right, which may be exercised at any time (and whether or not concurrently with the exercise of any other Warrant or Warrants held by him) from and including 1st October, 1988 to and including 30th September, 1991, to subscribe for one Ordinary Shares at the price of US\$1 (the "Subscription Price"): provided that the number of Warrants registered in the name of each holder land accordingly the number and/or nominal value of Ordinary Shares for which such holder would subscribe on any subsequent exercise in full of such Warrants) and the Subscription Price shall be subject to adjustment as provided in paragraph 2 below (and references herein to the Subscription Price shall be construed accordingly).

Subject to sub-paragraph (g) and to paragraphs 3(f) and (g) below, after 30th September, 1991 any Warrants which have not been exercised will lapse and Warrant certificates will cease to be valid for any

References in these particulars to Ordinary Shares are to the existing Ordinary Shares of US 50 cents each and all other (if any) Ordinary Shares from time to time and for the time being ranking part passes therewith.

(b) In order to exercise all or any of his Warrants the holder must, having completed the Notice of Subscription on the relevant Warrant certificate, lodge it at the office of the Registrars of the Company or of the London Transfer Agent accompanied by a remittance for the total subscription moneys for the Ordinary Shares in respect of which such Warrants are exercised. Once lodged, a Notice of Subscription shall be irrevocable save with the consent of the Directors. Compliance must also be made with any statutory requirements for the time being applicable.

(c) The Ordinary Shares issued pursuant to the exercise of Warrants will be allotted not later than 21 days after and with effect from the date the relevant application is lodged as aforesaid (the "Exercise Date"), and certificates in respect of such Ordinary Shares will be issued not later than 28 days after the Exercise Date. The allotment will be made to the persons in whose names such Warrants are registered at the Exercise Date or (subject as permitted by law) to such other persons as may be named in the Notice of Subscription. If less than all the Warrants evidenced by such certificate are exercised, the Company shall at the same time issue a fresh Warrant certificate in the name of the holder for the balance of such Warrants remaining exerciscable.

(d) Ordinary Shares allotted pursuant to the exercise of Warrants will not rank for any dividends or other distributions declared, made or paid in respect of any financial year of the Company prior to the financial year in which the Exercise Date talks but, subject thereto, will rank part passu in all other respects with the Ordinary Shares in issue at that Exercise Date.

(e) Application will be made to the Council of The Stock Exchange for the Ordinary Shares allotted pursuant to any exercise of Warrants to be admitted to the Official List and the Company will use all reasonable endeavours to obtain the grant thereof not later than 28 days after the relevant Exercise.

(f) If at any time 75 per cent, or more of the Warrants shall have been exercised, the Company shall be entitled on giving not less than 14 days' notice in writing to the holders of the Warrants then of all costs and expenses incurred by him will exceed the costs of subscription, shall, within the period of 14 days following the giving of such notice, exercise such Warrants as have not been exercised and sell in the market the Ordinary Shares acquired on such subscription. The trustee shall distribute pro rata the proceeds, less such subscription and other costs and expenses, to the persons entitled thereto as soon as practicable after such sale, provided that entitlements of under USS2 shall be retained for the benefit of the

(g) Within 7 days following 30th September, 1991 the Company will appoint a trustee who, provided that in his opinion the net proceeds of sale after deduction of all costs and expenses incurred by him will exceed the costs of subscription, shall, within the period of 21 days following 30th September, 1991, exercise such Warrants as have not been exercised and sell in the market the Ordinary Shares acquired on such subscription. The trustee shall distribute pro rata the proceeds, less such subscription and other costs and expenses, to the persons entitled thereto as soon as practicable after such sale, provided that entitlements of under USS2 shall be retained for the benefit of the Company.

2. Adjustment of Subscription Rights

15-1-25 (55)

2. Adjustment of Subscription Rights

(a) Upon any allotment of Ordinary Shares fully paid by way of capitalisation of profits or reserves to holders of the Ordinary Shares on the register on a date (or by reference to a record date) before 22nd October. 1981 or upon any subdivision or consolidation of the Ordinary Shares before that date, the number of Warramts remaining unexercised (and accordingly the number and/or nominal value of Ordinary Shares to be subscribed on any subsequent exercise in full of such Warrants! will be increased or, as the case may be, reduced in due proportion and the Subscription Price will be adjusted accordingly. On any such capitalisation, subdivision or consolidation the Auditors for the time being of the Company shall cause the Register of holders of Warrants to be updated (with effect from the effective date of such adjustment) to reflect, in respect of each holder, the additional Warrants (representing the additional Ordinary Shares for which that holder is entitled upon exercise to subscribe) arising in consequence of such adjustment, fractional entitlements being ignored, and notice of such adjustment (giving the relevant particulars) shall be given to each holder, accompanied by a new Warrant certificate in respect of all of the Warrants, upon receipt of such holder. Pending receipt of such new Warrant certificate such tolder's original Warrant certificate shall be treated as if h referred to such holder's increased holding of Warrants, upon receipt of such new Warrant certificate, such tolder's original Warrant certificate shall be treated as if h referred to such holder's increased bolding of Warrants, upon receipt of such new Warrant certificate, such tolder's original Warrant certificate shall be returned to the Company or its Registerar (or any agent appointed for the purpose) upon request. In the event of a consolidation of Ordinary Shares (resulting in a reduced number of Warrants and an increased Subscription Price), the foregoing provisions of this sub-paragraph (a)

(b) If on or before 30th September, 1991 the Company makes any offer or invitation (whether by rights issue or otherwise) to the holders of the Ordinary Shares, or any offer or invitation too being an offer to which paragraph 3 (f) below applies is made to such holders otherwise than by the Company, then the Company shall, so far as it is able, procure that at the same time the same offer or invitation is made to the then holders of the Warrants as if they had been exercisable and had been exercised on the day immediately preceding the record date of such offer or invitation on the basis then applicable.

3. Restrictions on the Company and Other Provisions

So long as any Warrant remains exercisable:

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(a) the Company shall not (i) make any distribution of capital profits or capital reserves except by means of a capitalisation issue in the form of fully paid Ordinary Shares or (ii) issue securities by way of capitalisation of profits or reserves except Ordinary Shares credited as fully paid and issued to the holders of its Ordinary Shares;

(b) the Company shall not in any way modify the rights attached to its existing Ordinary Shares as a separate class or create any new class of share capital except for shares which carry, as compared with the existing Ordinary Shares, no more advantageous rights as regards voting, dividends and return of capital;

(c) the Company shall keep available for issue sufficient authorised but unissued share capital to satisfy in full without the need for the passing of any resolution by shareholders all Warrants

the Company shall not issue any Ordinary Shares credited as fully paid by way of capitalisation of profits or reserves nor make any such offer as is referred to in paragraph 2(b) above if, as a result, the Company would on any subsequent exercise of the Warrams be obliged to issue Ordinary Shares at a discount:

(e) the Company shall not fil amend its Articles of Association so as to enable any distribution of capital profits or capital reserves. (ii) reduce its share capital or (except as authorised by the Companies Ordinance as from time to time amended or re-enacted) any share premium account, or (iii) purchase or redeem any share capital;

account, or (iii) purchase or redeem any share capital;

(i) if st any time an offer is made to all Ordinary shareholders of the Company (or all such shareholders other than the offeror and or persons acting in concert with the offeror) to acquire the whole or any part of the issued Ordinary Share capital of the Company and the Company becomes aware that as a result of such offer the right to cast a majority of the votes which may ordinarily be cast at a General Meeting of the Company has become vested in the offeror and/or such persons as alovesaid, the Company shall give notice to the holders of the Warrants of such vesting within 14 days of becoming so aware, and each such holder shall be entitled, at any time within the period of 180 days immediately following the date of such notice (for which purposes the date on which such notice is given shall be deemed to be an Exercise Date), to exercise his Warrants on the terms (subject to any adjustmeot pursuant to paragraph 2(a) above) set out in paragraph 1 above and so that failing such exercise within such period such Warrants shall upon the empiry of such period cease and determine, provided that if, during such period, such offeror (and/or such persons as aforesaid) becomes entitled to exercise rights of compulsory acquisition of Ordinary Shares pursuant to Section 168 of and the Ninth Schedule to the Companies Ordinance and gives notice in writing to any holders of Ordinary Shares that he intends to exercise such notice and to the extent that they have not been exercised shall thereupon date of such notice and to the extent that they have not been exercised shall thereupon cease and determine: and

(g) if an order is made or an effective resolution is passed for winding up the Company (except if an order is made or an effective resolution is passed for winding up the Company (except for the purpose of reconstruction, amalgamation or unitisation on terms sanctioned by an extraordinary resolution, as defined in paragraph 4(h) below, of the holders of the Warrants), each holders of a Warrant will (if in such winding up there shall be a surplus available for distribution amongst the holders of the Ordinary Shares (including for this purpose the Ordinary Shares winch would arise on the exercise of all the Warrants) which, taking into account the amounts payable on the exercise of the Warrants, exceeds in respect of each Ordinary Share a sum equal to the Subscription Price) be treated as if immediately before the date of such order or resolution his Warrants had been exercisable and had been exercised in full on the basis then applicable, and shall accordingly be entuled to receive out of the assets available in the liquidation pari passu with the holders of the Ordinary Shares such a sum as he would have received had be been the holder of the Ordinary Shares to which be would have become entitled by virtue of such subscription after deducting a sum per Ordinary Share equal to the Subscription Price; subject to the foregoing, all Warrants shall lapse on a winding up of the Company.

4. Modification of Rights

(a) All or any of the rights for the time being attached to the Warrants may from time to time (whether or not the Company is being wound up) be altered or abrogated with the sanction of an extraordinary resolution of the holders of the Warrants.

(b) For the purposes of these conditions "extraordinary resolution" means a resolution proposed at a meeting of the holders duly convened and held and passed by a majority consisting of not less than three-fourths of the votes cast, whether on a show of hands or on a poll. All the provisions of the Articles of Association for the time being of the Company as to General Meetings shall mutatis mutantis apply as though the Warrants were a class of shares forming part of the capital of the Company but so that (i) the period of notice shall be 21 days at least, (ii) the necessary quorum shall be holdern (present in person or by proxy) entitled to subscribe for one-third in nominal amount of the Ordinary Shares attributable to the then outstanding Warrants, (iii) every holder present in person at any such meeting shall be entitled on a show of hands to one vote and every holder present in person or by proxy shall be entitled on a poll to one wote for every Warrant beld by hint, (iv) any holder present in person or by proxy may demand or join in demanding a poll, and (v) if at any adjourned meeting a quorum as above defined is not present, those holders who are then present in person or by proxy shall be a quorum.

Each Warrant will be in registered form and will be transferable in whole or part by instrument of transfer in any usual or common form, or in any other form which may be approved by the Directors. No transfer of a fraction of a Warrant may be effected.

(a) The Company will concurrently with the issue of the same to its Ordinary shareholders send to each holder of Warrants (or in the case of joint holders to the first-named) a copy of each published annual report and accounts of the Company together with all documents required by law to be annexed thereto, and a copy of every statement, notice or circular issued to Ordinary shareholders.

(b) All the provisions of the Articles of Association for the time being of the Company as to certificates, the transfer and transmission of shares, record dates, untraced shareholders, the service of notices and other documents and the destruction of documents shall mutatis mutandis apply as though the Warrants were a class of shares forming part of the capital of the Company.

(c) Except as ordered by a court of competent jurisdiction or as required by law, no person shall be recognised by the Company as holding any Warrant upon any trust and the Company shall not be bound by or required in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any Warrant or any interest in any fraction or part of a Warrant or (except only as otherwise provided by these conditions or by law) any other right in respect of any Warrant except an absolute right to the entirety thereof in the registered holder.

VI. Further information on China, Japan and Hong Kong



The People's Republic of China was founded, under the leadership of Chairman Mao Zedong, in 1949 following the victory of the Communists over the Kuommtang (Nationalists), who fied to Taiwan which they still occupy.

Immediately after the establishment of the People's Republic, laws were enacted to confirm the Chinese Communist Party ("CCP") in power, and central and local governments were reorganised. Mao Zedong's subsequent steps to restructure the economy included land reform, the nationalisation of private and foreign enterprises, and the collective ownership of enterprises.

The economic policy of China was formalised in 1953 through the First Five-Year Plan (1953-58), which emphasised development of heavy industry and increased agricultural production with light industry taking a secondary role. In addition, the agricultural sector was restructured into collectives.

Although significant industrial development was achieved between 1953 and 1978, it created structural economic imbalances and inefficiencies which remain a serious problem. Although subsequent economic planning sought to alleviate these weaknesses, the Chinese economy fell substantially short of the growth rates achieved in other Far Eastern economies. This backwardness was and remains particularly marked in technology.

The central government in Beijing prepares plans for the nation as a whole, sending policies to the provincial authorities. As well as acting on Beijing's directives, provincial governments draw up their own programmes for local services and are responsible for developing plans for cities, communes and other units under their jurisdiction. Their activity also includes administration of certain large-scale industrial

The government exists to carry out the posicies adopted by the CCP, and party membership is a pre-requisite for holding influential positions within the government. As a result there is a great deal of overlap between CCP and government officials.

(iii) Economy

Kingdom, and yet its Gross National Product of £210.6 billion people, eighteen times that of the United Kingdom, and yet its Gross National Product of £210.6 billion was a third lower. In per capita terms it was only £203, compared with £5,366 in the United Kingdom. One of the main factors contributing to this underdevelopment was China's former encouragement of population growth. The population has nearly doubled since 1949. This has resulted in underemployment throughout the country, as well as housing problems and food shortages. However, a 'one child per family' policy has been adopted and the rate of population increase has slowed from £9 per cent. in 1970 to 1.1 per cent. in 1984. In addition, much of the increase in the population can be attributed to the once and for all effect of an extension of average life expectancy at both from 36 years in 1948/9 to 67 years in 1985.

China is a socialist planned economy operating under a series of Five-Year Plans. In 1982 a goal for realising China's 'four modernisations' policy (i.e. of agriculture, industry, national defence and science and technology) was established, requiring the gross annual value of industrial and agricultural production to rise fourfold in real terms by the end of the 20th century, equivalent to an annual economic growth rate of 7.2 per cent.

In October, 1984 the CCP adopted a policy of accelerated and comprehensive reform of the nation's economic structure and institutions. Embracing a broad range of reforms designed to free enterprises from state and party control, the policy outlines a concept of socialism which attempts to blend, within a socialist framework, the decision-making environment and incentive structure of a capitalist economy. State ownership of the means of production is to be continued but the policy is to give enterprises more independence and greater responsibility for their own profu and loss.

Real economic competition will demand application of marketing and managerial skills that few Chinese enterprises now possess. State subsidies and nearly stable, controlled prices have meant security for China's urban residents. The transition to a system whereby the urban population pays something closer to the true costs of food and housing, even with large wage increases, will undoubtedly be difficult.

(iv) Foreign Trade

China's foreign trade has been increasing steadily since 1953, with an average annual growth rate of 10.7 per cent. in US dollar terms (1953-1964). In the last five years, annual growth rates averaged 11.2 per cent. Nevertheless, throughout the first half of the 1970's China's foreign trade remained small, both as a share of national income and as a proportion of world trade.

Between 1950 and 1978 all exports and imports were state controlled, with nine State Trading operations being co-ordinated by the Ministry of Foreign Trade. Under this system imports were ended only to meet shortfalls of essential products, with exports providing the foreign currency to pay

Since 1976 there has been a trend towards the decentralisation of foreign trade, despite a number of reversals in policy, which has given greater control to provincial and municipal trading firms. In recent years an open-door policy has been adopted, designed to promote international trade and technology transfer. There has been an imprecedented expansion of trade with the West (in which the opening up of certain coastal cities has played a part) and internal trade has also been developed with the creation of four Special Economic Zones. By the end of 1983 total foreign trade accounted for nearly 20 per cent. of China's praying increase.

A degree of decentralisation has taken place through the creation of foreign trade corporations, which enjoy a significant level of autonomy and have frequently been offshoots of industrial ministries. The best known example is the China National Offshore Oil Corporation.

	•	hina's foreign T	rade (US\$ billion)	
		Exports	Imports	Balance
1978 1979 1980		9.8 13.7 18.3	15.7 19.6	-1.1 -2.0 -1.3
1981 1982 1983 1984	 	20.9 21.8 22.2 24.4	. 19.5 17.5 18.5 25.4	1.4 3.3 3.7 -1.0

The Chinese economy in recent months has been growing at a rate which the authorities consider undestrable and which in economic terms has created some bottlenecks. In the first six months of 1985, on a year on year basis, industrial production rose by 23,1 per cent., well above the authorities target of 7.2 per cent, average annual growth. Consequently, since April the government has announced a number of measures to skow industrial growth and to restrict the import of certain goods not considered essential. The government has also expressed concern over the rapid fall in foreign exchange reserves. In view of these changes of policy, it is unlikely that the recent rapid rate of economic growth will be sustained.

Source: State Statistical Surean

Since the establishment of the first joint venture with a foreign enterprise in 1979, the amount of direct investment from abroad has been increasing year by year, reaching an aggregate around of US\$ 6.68 billion by the end of 1983, of which US\$ 3.40 million was used for setting up 188 joint ventures, US\$ 2.95 billion for LC47 cooperative ventures and US\$ 3.39 billion for projects pertaining to such activities as compensation trade, offshore oil exploitation and sole-owner enterprises.

A number of laws relating specifically to foreign investment in China have been promulgated since A number of laws relating specifically to foreign investment in China have been promulgated since 1979 commencing with the establishment of certain broad principles by the enactment of the Law of the People's Republic of China on Joint Ventures using Chinese and Foreign Investment. This was followed in 1983 by the promulgation of the Regulations for the Implementation of the Law on Joint Ventures using Chinese and Foreign Investment which set out rules relating to the establishment and operation of equity joint ventures in somewhat greater detail. In addition, a number of laws and regulations have been promulgated relating to matters such as taxation, labour management, exchange control, contract law, patent and trade marks and the specific rules which are to apply in the Special Economic Zones. Due to the extremely short period in which some of these laws have been in force, it is not possible to be certain of the manner in which they will be administered or interpreted by the Chinese authorities. However, the promulgation of these laws appears to demonstrate the importance which the Chinese authorities attach to improving the legal environment from the standpoint of foreign investors.

		•	-	-	
(vi) Exchange Rate	-		₁ -		. •
Yuan per US\$ (at 31st December) Source: International Financial Statistics (September, 198	198) 1.5 15)	1981 1.7	1982	1983 2.0	198 2.1

The above information on China has been collated from a number of published sources including a Bank of China information Memorandian dated June 5th, 1985, the December, 1984 issue of The China Quarterly and reports published by Arthur Andersen & Co. (August, 1984) and National Westminster Bank PLC (May, 1985).

(B) Japan		¥ 6il	lion, 1975 pr	ices (fiscal yea	27)
	1980	1981	1982	1983	1984
· Gross National Product ⁽¹⁾	191,873	198,708	205,500	213,584	225,854
% increase over previous year	4.6	3.6	3.4	3.9	5.7
Exports of goods and services'11 .	- 34,705	40.025	40,358	44,060	51,266
Imports of goods and services(1)	26,314	28,372	27,837	27,915	31,067
Consumer prices % increase(2)	7.9	4.0	2.4	1.9	22
Unemployment % (2)	.2.1	2.2	2.5	. 2.7	2.7
Yen per US\$(3) (at 31st December)	203.0	219.9	235.0	232.2	251.1
Tokyo New Stock Exchange Index(4) (ca	alendar year):				
High	498	504	594	732	913
Low .	449	491	512	575	735
Sources: (1) Economic Planning Agency (Sept (2) Bureau of Statistics, Managemen (3) International Financial Statistics	of and Coordination	Agency (1985)			

HKS billion, 1980 prices (calendar year) (C) Hong Kong 1981 1982 1983 1980 1984 Gross Domestic Product(1) 137.2 150.2 154.6 162.5* 178.1+ 5.1 % increase over previous year 9.4 2.9 Exports of goods and services (L) 120.4 -137.1 135.1 153.6* 184.91 imports of goods and services (1) 126.7 142.9 140.3 155.0* 177.14 Consumer prices % increase(1) 15.5 10.3 10.5 9.9 8.2 Unemployment & (1) 3.9 3.6 4.5 3.9 HK\$ per US\$(2) (at 31st December) 5.1 5.7 6.5 7.8 Hang Seng Index 10. High 1,655 1,810 1,445 1,103 1,207 739 1,114 676 690 Low 746 * Provisional † Preliminary

Sources: (1) Hong Kong Monthly Digest of Statistics (February and June, 1985)
(2) Lloyda Bank Group Economic Report (1985)
(3) Datastream (a subsidiary of Dun and Bradstreet)

(4) Datastream (a subsidiary of Dun and Bradstreet)

VII. General Information



(a) The Company was incorporated in Hong Kong under the provisions of the Hong Kong Companies Ordinance on 12th July, 1985 as a limited company (registered number 154416) under the name of Sanmingo Company Limited. The name of the Company was changed to The China & Eastern Investment Company Limited on 2th September, 1985 and was then changed to its present name on 2nd October, 1985. The Company was incorporated with an authorised share to spital of US\$1,000 divided into 1,000 Ordinary Shares of US\$1 each. On incorporation two Ordinary Shares were issued nil paid to the subscribers to the Memorandum and Articles of Association.

(b) On 25th October, 1985 resolutions of the Company were passed whereby:

(i) the authorised share capital of the Company (including the two Ordinary Shares already in issue) was subdivided into 2,000 Ordinary Shares of US 50 cents each and increased to US\$11,500,000 by the creation of 22,998,000 new Ordinary Shares of US 50 cents each;

(ii) the objects clause and certain other provisions of the Memorandium of Association were amended, new Articles of Association were adopted and the Company was converted into a

(c) On 25th October, 1985 the subscribers to the Memorandum of Association transferred their Ordinary Shares to Barings and Barings Normness Limited and on 28th October, 1985 Barings entered into the Agreement with the Company described in paragraph 8 below.

(d) On 25th October, 1985 the Company by virtue of a Reseintion of its Board of Directors reated Warrants, having the rights set out under Part V above, to subscribe for 3,400,000 Ordinary haves (subject to adjustment).



(e) The share capital of the Company is as follows:

Ordenary Shares of US50 cents each 16,999,996 17,000.000 3,400,000 2,600,000

6.000,000

23,000,000

28th October, 1985

Aggregate number presently authorised

Reserved for issue pursuant to the exercise of Warrants Other authorised but unissued

Issued to subscribers

Total issued and now being issued

Total authorised but unissued

Now being issued

Save as disclosed above, no issues of share capital have been made by the Company. ff) Apart from the issue of Ordinary Shares (with Warrants) pursuant to the Offer for cription and upon the exercise of the Warrants:

(t) no share or loan capital of the Company is under option or agreed conditionally or

(ii) no material issue of Ordmary Shares of the Company (other than to shareholders provate to existing shareholdings) will be made within one year of the date of this prospectus without the prior approval of the shareholders in General Meeting; and

(ii) no issue of Ordinary Shares in the Company will be made which would effectively after the control of the Company without the prior approval of shareholders in General Meeting.

Transfer of Ordinary Shares and Warrants

Ordinary Shares and Warrants are transferable by instrument in writing signed by (or, in the case of a transfer by a body corporate, signed on behalf oft the transferor. The Directors may decline to register any transfer of Ordinary Shares or Warrants unless ta) the instrument of transfer is lodged with the Company, accompanied by the certificate for the Ordinary Shares or (as the case may be) the Warrants to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer, (b) in the case of a transfer of Ordinary Shares the instrument of transfer is in respect only of Ordinary Shares and (c) in the case of a transfer to p int holders, the number of joint holders to whom an Ordinary Share is to be transferred does not exceed four. In the case of the death of any one of joint holders, the survivor or survivors will be the only person or persons recognised by the Company as having any title to the interest of the deceased joint holder in the Ordinary Shares or Warrants registered in the names of such joint holders.

Ravensbourne Registration Services Ltd. will act as London Transfer Agent for the Company and will accept on its behalf certificates for Ordinary Shares and Warrants together with instruments of transfer and tin the case of Warrants! Notices of Subscription at its office in London for registration and processing in Hong Kong. No instrument of transfer will be accepted unless accompanied by a remittance for the appropriate Hong Kong stamp duty at the rate for the time being current.

Unquoted investments will initially be carried at cost. Subsequently the Directors will be guided by a number of factors including the achievement of the various financial targets which make up a company's or project's financial plan, subsequent issues of capital at a different price and dealings between third parties. Quoted investments will normally be carried at market value. If denominated other than in 115 dollars the value of investments will be translated into US dollars at the exchange rate prevailing on the date of valuation.

4. Report and Accounts Copies of the sudited financial statements of the Company (which will be made up to 31st July each year) will be sent to Ordinary Shareholders and Warrantholders at their registered addresses not less than 21 days before the date fixed for the annual general meeting of the Company at which they will be considered. Ordinary Shareholders and Warrantholders will also be sent points of a half-yearly report on the Company and the half-yearly unaudited financial statements of the Company (or the six months ending

31st January in each year

S. General Meetings The annual general meeting of Ordinary Shareholders of the Company will be held, for the purpose, Interaction, of considering the audited financial statements of the Company, in Hong Kong or at such other location as the Directors of the Company may from time to time determine. Notices convening the annual general meeting (together with the annual report and accounts of the Company) will be sent to Ordinary Shareholders at their registered addresses not later than 21 days before the date tixed for the meeting. Other general meetings may be convened from time to time by the Directors by seeding notices to Ordinary Shareholders at their registered addresses.

6. Accountants' Report The following is the text of a report received by the Directors from Deloitte Haskins & Sells, the Auditors and Reporting Accountants:

Deloitte Haskins & Sells The Directors. China & Eastern Investment Company Limited, and Baring Brothers & Co., Limited Wing On Centre 26th Floor, 111 Connaught Road Central Hong Kong

We report that China & Eastero Investment Company Limited was incorporated on 12th July, 1985 and since that date no audited accounts have been made up, no dividends have been declared or paid and the Company has not commenced business.

Yours faithfully Deloine Haskins & Sells Certified Public Accountants

7. Directors' and Others' Interests

(i) No Director has any interest in the share capital of the Company. The following Directors have indicated their intention to apply under the Offer for Subscription for the numbers of Ordinary Shares (with Warranus) specified against their names:—

•	
J. D. Bolsover	5,00
J. L. Compton	5.00
J. L. Compton N. E. Melville	5.00
K. Nagamine	5.00
E. Remington-Hobbs	
D. G. P. Scholfield	2,00
J. J. K. Taylor	1,00
J. P. Williams	3.40

(a) All of the Directors (other than N. E. Melville, who is employed full-time by Baring Brothers Asia Limited) are full-time employees of BIIM or wholly-owned subsidiaries thereof and normally benefit from bonus payments related to profusbility. Such payments will therefore be affected by the management fees receivable by BIFM from the Company. Save as aforesaid and through the directorships disclosed in Part II, no Director has any interest in any transaction which, sauce its incorporation, has been effected by the

(iii) The Directors are aware of the following interests which, immediately following the Offer for Subscription and assuming the Offer is fully taken up (including, as to 25 per cent., by the public) but disregarding shares issuable on the exercise of Warrants, will amount to 5 per cent. or more of the issued share capital of the Company:—

Percentage of Issued Share National Securities Co., Ltd. Prudential Portfolio Managers Ltd. Yamaichi International (Europe) Limited 1,725,000 1,125,000 1,125,000 (iv) There are no Directors' service contracts with the Company,

8. Offer for Subscription Arrangements

By an Agreement dated 28th October, 1985 and made between the Company and Barings, Barings has agreed to procure subscribers for the Ordinary Shares (with Warrants) the subject of this Offer for Subscription or, failing that, itself to subscribe for such of the Ordinary Shares twith Warrants) as are not subscribed pursuant to this Offer or by the Underwriters pursuant to the Underwriting Letters (both as defined in the Agreement). The Agreement is conditional, inter alia, on the Council of The Stock Exchange, London admitting all of the Ordinary Shares, issued and now being issued, and Warrants of the Company to the Official List (subject to the posting of Share and Warrant certificates) not later than 8th November, 1985. The Agreement also contains provisions which permit it to be terminated by Barings, prior to the closing of the application list, in the event of a material breach of any of the warranties given to Barings therein or if Barings determines that, by reason of a material adverse change in market conditions, the Offer for Subscription should not proceed.

Beginns, will receive from the Company a commission of 2 per cent of the insurance of the

Barings will receive from the Company a commission of 2 per cent. of the issue price of the Ordinary Shares (with Warrants) being offered for subscription out of which, on behalf of the Company, it will pay commissions at the rate of 1½ per cent. of such issue price to the Underwriters and ½ per cent. to James Capel & Co., brokers to the Offer for Subscription.

The Company has agreed to pay all other costs, charges and expenses relating or incidental to the Offer for Subscription and the application for listing, including capital duty. The Stock Exchange listing fee, the costs and expenses of the Reporting Accountants, the charges of the Receiving Bankers and the Registrars, its own and Barings' legal expenses, the costs of princing, advertising and circulating this document and fees to Barings and James Capel & Co. of \$50,000 and \$25,000 respectively.

The estimated costs and expenses of this Offer for Subscription payable by the Company amount to US\$860,000 (including estimated capital and premium duty of US\$120,000). 9. Material Contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company since its incorporation and are, or may be, material:

the Offer for Subscription Agreement referred to above;

an Investment Management Agreement dated 28th October, 1985 between (11 the Company and (2) BIFM whereunder BIFM has agreed to provide investment management services to the Company for a fee of 1/16 per cent. of the value of the Company's net assets determined and payable quarterly in arrears (equivalent to 11/4 per cent. of the average quarter-end value in each year). The Agreement contains provisions indemnifying BIFM against, any hability not due to wilful default, bad faith or gross negligence on the part of itself of its servants or agents. After an initial three year period the Agreement is freely terminable by either party on giving not less than six months' notice expiring at the end of such period or any time thereafter.

a Registrar's and Transfer Agency Agreement dated 28th October, 1985 between the Company and Central Registration Hong Kong Limited (the "Registrar") whereby the Registrar has agreed to act as Registrar and Warrant Agent in respect of the Ordinary Shares and the Warrants; and

a London Transfer Agency Agreement dated 28th October, 1985 between the Company, the Registrar and Ravensbourne Registration Services Ltd. ("Ravensbourne"), a wholly-owned subsidiary of Barings, whereby Ravensbourne has agreed to act as the Company's London Transfer Agent.

10. Summary of the Company's Objects

The Memorandum of Association of the Company provides that the Company's objects include the undertaking and carrying on the business of an investment company, and the investing of the capital and other moneys of the Company in the purchase or upon the security of shares, stocks, debentures, debenture stocks, bonds, bills, certificates, notes, mortgages, obligations and securities of any kind issued or guaranteed by any company, corporation or undertaking of whatever nature and wheresoever constituted or carrying on business, and shares, stocks, debentures, debenture stocks, bonds, bills, certificates, notes, currency, mortgages, obligations and securities of any kind issued or guaranteed by any government, state, dominion, colony, sovereign ruler, commissioners, trust, public, municipal, local or other authority or body of whatsoever nature, whether within Hong Kong or in any other part of the world. The objects of the Company are set out in full in Clause 3 of the Memorandum of Association, which is available for inspection at the addresses specified below.

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China & Eastern **Investment Company Limited**

11. Articles of Association

The Articles of Association of the Company, which are similarly available for inspection, contain interalia, provisions to the following effect:

Borrowing Powers

The Board of Directors ("the Board") may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Companies Ordinance, to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

The Board shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation in its subsidiaries (if any) so as in secure (but as regards subsidiaries only in so far as by the exercise of such rights or powers of control the Board can secure) that the aggregate principal amount from time to time outstanding of all borrowings (as defined in the Articles of Association) by the Group (exclusive of borrowings owing by one member of the Group to another member of the Group) shall not at any time without the previous sanction of an ordinary resolution of the Company exceed an amount equal to 25 per cent. of the Adjusted Capital and Reserves (as defined in the Articles of Association). Note: These provisions, in common with the Articles of Association generally, can be carred by a special resolution of the Company.)

Subject to any special terms as to voting upon which any shares may be issued or may for the time being be held, on a show of hands every Member who is present in person at a general meeting of the Company shall have one vote, and on a poll every Member who is present in person or by proxy shall have one vote for every U.S.50 Cents nominal amount of share capital of which be is the holder.

The Company may from time to time by ordinary resolution increase its capital by such sum to be divided into shares of such amounts as the resolution shall prescribe.

Subject to the Ordinance, the Company may, by the resolution increasing the capital, direct that the new shares or any of them shall be offered in the first instance to all the holders for the time being of stares of my class or classes in proportion to the number of such shares held by them respectively or may make any other provisions as to issue of the new shares.

The new states shall be subject to all the provisions of the Articles with reference to lien, the payment of calls, forfeiture, transfer, transmission and otherwise. The Company may from time to time by ordinary resolution:

- consolidate and divide all or any of its share capital into shares of larger amount than its
- sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association (subject, nevertheless, to the Ordinance) and so that the resolution whereby any share is sub-divided may determine that as between the holders of the shares resulting from such sub-division one or more of the shares may have any such preferred or other special rights over, or may have such deferred or qualified rights or be subject in any such perfect that the division of the shares are such deferred or qualified rights or be subject in any such restrictions as compared with, the other or others as the Company has power to attach to unissued or new shares;
- cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its authorised share capital by the amount of the shares so cancelled;

and may also by special resolution:

subject to any confirmation or consent required by law, reduce its authorised and issued share capital or any capital redemption reserve or any share premium account in any

Modification of Rights

Subject to the Ordinance, all or any of the special rights for the time being attached to any class of shares for the time being issued may from time to time (whether or not the Company is being wound up) be altered or abrogated with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting

Subject to the provisions of the Ordinance and these Articles, the unissued shares of the Company (whether forming part of the original or any increased share capital) shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration and upon such terms and conditions as the Board may determine.

Note: There are no provisions of Hong Long law equivalent to Sections 89-96 of the Companies Act 1985 (preemption rights on the allotment of equity securities for each) but preemption rights for existing shareholders will apply to such an allotment by the Company by virtue of The Stock Exchange's listing requirements, in the absence of an ordinary resolution of the Company in General Meeting.

Subject to such of the restrictions of these Articles as may be applicable, any Member may transfer all or any of his shares by an instrument of transfer in the usual common form or in any other form which

The instrument of transfer of a share shall be signed by or on behalf of the transferor and (in the case of a parity pair share) the transferce, and the transferor shall be deemed to remain the holder of the share until the name of the transferce is entered in the Register in respect thereof. All instruments of transfer, when registered, may be retained by the Company.

The Board may, in its abolinte discretion and without assigning any reason therefor, decline to register any transfer of any share which is not a fully paid share.

- The Board may also decline to register any transfer unless:-
- the instrument of transfer is lodged with the Company accompanied by the certificate for the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;
- the instrument of transfer is in respect of only one class of share; and
- in the case of a transfer to joint holders, the number of joint holders to whom the share is to ferred does not exceed four.
- If the Board declines to register a transfer it shall, within two months after the date on which the unsent of transfer was lodged, send to the transferce notice of the refusal. No fee shall be charged by the Company for registering any transfer, or other document relating to or affecting the title to any share, or for otherwise making any entry in the Register relating to any share.

Unless and until otherwise determined by ordinary resolution of the Company, the Directors (disregarding alternate Directors) shall be not less than two nor more than 15 in number.

Each of the Directors shall be paid a fee at such rate as may from time to time be determined by the Board provided that the aggregate of all such fees so paid to Directors (excluding amounts payable under any other Article or under any other paragraph of this Article) shall not exceed 20,000 U.S. Dollars per amount, or such higher amount as may from time to time be determined by ordinary resolution of the Company.

No shareholding qualification for Directors shall be required.

Without prejudice to the power of the Company in general meeting in pursuance of any of the Articles to appoint any person to be a Director and subject to the Ordinance, the Board shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition in the existing Board, but so that the total number of Directors shall not at any time exceed any maximum number fixed by or in accordance with these Articles. Any Director so appointed by the Board shall hold office only until the next following annual general meeting and shall then be eligible for re-election but shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at such meeting.

At every annual general meeting one-third of the Directors for the time being or, if their number is not a multiple of three, then the nearest number to but not exceeding one-third shall retire from office.

The Board may from time to time appoint one or more of its body to be a Managing Director. Joint Managing Director or Assistant Managing Director or to hold any other employment or executive office with the Company for such period (subject to the Ordinance) and upon such terms as the Board may determine and may revoke or terminate any of such appointments. Any such revocation or termination as aforesaid shall be without prejudice to any claim for damages that such Director may have against the Company or the Company may have against such Director for any breach of any contract of service between him and the Company which may be involved in such revocation or termination.

An Executive Director shall receive such remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine, and either in addition to or in lieu of his

Each Director may be paid his reasonable travelling, hotel and incidental expenses of attending and returning from meetings of the Board or committees of the Board or general meetings or any other meeting which as a Director be is entitled to attend and shall be paid all expenses properly and reasonably incurred by him in the conduct of the Company's business or in the discharge of his duties as a Director. Any Director who, by request, goes or resides outside the jurisdiction in which be normally resides for any purposes of the Company or who performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profus or otherwise) as the Board may determine and such extra remuneration shall be in addition to any remuneration provided for by or nursuant to any other Article. klition to any remuneration provided for by or pursuant to any other Article,

A Director who to his knowledge is in any war, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case at the first meeting of the Board after be knows that he is or has become so interested. For the purposes of this Article, a general notice to the Board by a Director to the effect that (a) he is a member of a specified company or firm and is to be regarded as interested in any contract or arrangement which may after the date of the notice be made with that company or firm or (b) he is to be regarded as interested in any contract or arrangement which may after the date of the notice be made with that company or firm or (b) he is to be regarded as interested in any contract or arrangement which may after the date of the notice be made with a specified person who is connected with him, shall be deemed to be a sufficient declaration of interest under this Article in relation to any such contract or arrangement; provided that no such notice shall be effective unless either it is given.

In the providence of the Board or the Director takes reasonable steps to secure that it is brought up and read at the next Board meeting after it is given. read at the next Board meeting after it is given.

Save as otherwise provided by these Articles, a Director shall not vote (nor be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement in which he is to his knowledge materially interested, and if he shall do so his vote shall not be counted, but this prohibition shall not apply to any of the following matters namely:—

- any contract or arrangement for giving to such Director any security or indemnity in respect of money lent by him or obligation undertaken by him for the benefit of the Company;
- any contract or arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company which the Director has himself guaranteed or secured in whole or in part;
- any contract or arrangement by a Director to subscribe for shares, debentures or other securities of the Company issued or to be issued pursuant to any offer or invitation to Members or debenture holders of the Company or any class thereof or to the public or any section thereof, or to underwrite any shares, debentures or other securities of the Company?
- any contract or arrangement in which he is interested by virtue of his interest in shares or debentures or other securities of the Company or by reason of any other interest in or through the

For Office use only

Share certificate No.

2. Number of Ordinary

Shares allotted

3. Amount received on

- (v) any contract or arrangement concerning any other company (not being a company in which the Director owns 1 per cent. or more) in which he is interested directly or indirectly whether as an officer, shareholder, creditor or otherwise howsoever;
- any proposal concerning the adoption, modification or operation of a pension fund or retirement death or disability benefits scheme which relates both to Directors and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director as such any privilege or advantage not accorded to the employees to which such scheme or fund relates;
- any arrangement for the benefit of employees of the Company or of any of its subsidiaries under which the Director benefits in a similar manner as the employees and which does not accord to any Director as such any privilege or advantage not accorded to the employees to whom such arrangement relates.

Note: Nothing in the Companies Ordinance disqualifies any person from being appointed a Director or requires him to educate the office of Director by reason only of the fact that he has attained 70 years or any other new.

The Board shall be advised by the Advisory Council on any and all questions and matters referred to the Advisory Council by the Board, which may in particular but without limitation include the Company's to the Advisory Council shall have no executive powers and its functions shall be investment strategy. The Advisory Council shall have no executive powers and its functions shall be investment strategy. The Board shall not be obliged in relation to any particular fact, matter or circumstance either to consult the Advisory Council or to follow its advice.

Subject to the provisions of these Articles, the Board shall appoint such persons not being Directors as they consider appropriate to be the initial Councillors, and thereafter may appoint any person not being a Director to be a Councillor, either to fill a casual vacancy or as att addition to the existing Councillors, but so that the total number of Councillors shall not at any time exceed 12.

The Board may remove any Councillor at any time.

Each Councillor shall receive such fees or retainers as the Board shall determine, and in addition shall be paid his reasonable traveling, hotel and incidental expenses of attending and renuring from meetings of the Council or general meetings or any other meetings which as a Councillor he is entitled or requested to attend and shall be paid all expenses properly and reasonably incurred by him in the discharge of his duties as a Councillor. Any Councillor who, by request, goes or resides outside the jurisdiction in which he normally resides for any purposes of the Company or who performs services which in the opinion of the Board go beyond the ordinary duties of a Councillor may be paid such extra remuneration (whether by fees, retainers or otherwise) as the Board may determine and such extra remuneration shall be in addition to any remuneration provided for by or pursuant to this or any other Article.

Subject to the Ordinance and as hereinafter set out, the Company in general meeting may from time to time declare dividends to be paid in the shareholders according to their rights and interests in the profits available for distribution, but no dividend shall be declared in excess of the amount recommended by the Board. Surpluses arising from the realisation of investments shall not be available for dividend.

- Except in so far as the rights attaching to, or the terms of issue of, any share otherwise provide:-
- (a) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, but no amount paid up on a share in advance of calls shall be treated for the purposes of this Article as paid up on the share; and
- all dividends shall be apportioned and paid pro rate according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Board may from time to time pay to the shareholders such interim dividends as appear to the Board to be justified by the position of the Company; the Board may also pay any fixed dividend which is payable on any shares of the Company half-yearly or on any other dates, whenever such position, in the opinion of the Board, justifies such payment.

Any dividend unclaimed after a period of twelve years from the date of declaration of such dividend shall be forfeited and shall revert to the Company and the payment by the Board of any unclaimed dividend, interest or other sum payable on or in respect of a share into a separate account shall not

The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks proper as reserves which shall, at the discretion of the Board, be applicable for any purpose for which the profits of the Company may be properly applied and pending such application may, also at such discretion, either be employed in the business of the Company or be invested in such investments as the Board may from time to time think fit. The Board may also without placing the same to reserve carry forward any profits which it may think prodent not to distribute.

12. Investment Restrictions

No investment carried at Directors' valuation amounting to 50 per cent. or more of the Company's portfolio will be realised without the consent of the Company in General Meeting.

- (a) The Company has not since its incorporation been engaged in and is not currently engaged in any higation or arbitration of material importance nor, so far as the Directors are aware, is there any lingation or claim of material importance pending or threatened against the Company.
- (b) Deloitte Haskins & Sells have given and have not withdrawn their written consent to the issue of this prospectus with the inclusion berein of their Accountants' Report set out above in the form and context in which it is included.
- (c) The promoters of the Company are Barings and BIIM. Save as disclosed above, no amount or benefit has been paid or given to Barings or any of its subsidiaries (including BIIM) and its subsidiaries) since the incorporation of the Company and none is intended to be paid or given, other than in respect of fees for services which may be rendered in the future.
- The principal place of business of the Company is at 1901 Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong. The Company does not have nor has it had since its incorporation
- Each dividend on the Ordinary Shares will be paid to those holders of Ordinary Shares on the register of members on the record date for such dividend. Such record date will normally be 6 to 8 weeks before the date of payment.
- (f)— Dividends will only be paid to the extent that they are covered by income received from underlying investments, shares of profits of associated companies being marginable for this purpose unless and until distributed to the Company. However, it is intended that substantially all the net revenue surplus (if any) will be distributed.
- England (registered number 32813) and its registered office is at 8 Bishopsyate, London EC2N 4AE, England.
- The founders of the Company were Ian William Goldie and Carol Wai Wing Hui, both solicitors of 27th Floor, Two Exchange Square, Hong Kong.
- Documents available for Inspection

Copies of the following documents will be available for inspection at the offices of Barings, 8 Bishopsgate, London EC2N 4AE, England and BIFM, 1901 Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong during normal business hours on any weekday (Saturdays and public holidays excepted) for 14 days from the date of this prospectus:

- the Memorandum and Articles of Association of the Company and the Hong Kong Companies Ordinance;
- (b) the report from the Reporting Accountants set out above;
- (c) the consent referred to in paragraph 13(b) above; and
- the material contracts referred to in paragraph 9 above.

VIII. Application Procedure

All applications for the Ordinary Shares (with Warrants) now being offered must be for a minimum of 200 Ordinary Shares and integral multiples thereof.

Each application must be made on the Application Form provided and must be accompanied EITHER, in the case of payments in US dollars, by a banker's US dollar draft drawn on a bank in London or by a cheque drawn in US dollars on the London office of a member bank of the London US Dollar Clearing Scheme OR, in the case of payments in sterling, by a separate cheque or banker's draft in sterling on a bank or branch thereof, and payable, in England, Scotland or Wales or drawn on a clearing bank branch in the Channel Islands or the Isle of Man and be lodged with or posted to Baring Brothers & Co., Limited, 8 Bishopsgate, London, EC2N 4AE, England, so as to arrive not later than 10.00 hours (London time) on Friday, 1st November, 1985. Cheques must be made payable to "Baring Brothers & Co., Limited" and crossed "Not Negotiable". A separate cheque or draft must accompany each application.

Photostat copies of Application Forms will not be accepted.

Acceptance of applications will be conditional on the Council of The Stock Exchange admitting the Ordinary Shares and the Warrants to the Official List (subject to posting of Ordinary Share and Warrant certificates) not later than 3th November, 1985. Monies paid in respect of applications will be returned (without interest) if such admission is not granted by that date and in the meantime will be retained by Barings in a separate account; the interest on which will accrue to the Company.

which will accrue to the Company.

All cheques are liable to be presented for payment on receipt. Application monies will be retained by Barings in a separate account pending allotment or return of application monies, or any excess thereof. The right is reserved to retain Share and Warrant certificates and any surplus application monies pending clearance of applications: The right is also reserved to reject any application or to accept any application in part only and in particular to reject multiple or suspected multiple applications. The right is also reserved to treat as valid any applications which do not fully comply with the conditions set out in the Application Form. If any application is not accepted, the amount paid on application will be returned in full (without interest) and, if any application is accepted for fewer Ordinary Shares (with Warrants) than the number applied for, the balance of the amount paid on application will be returned (without interest), in each case by cheque through the post at the applicant's risk.

interest), in each case by cheque unrough the post at the appacant's risk.

No receipt will be issued in respect of any application monies received, but Share and Warrant certificates will be sent through the post to successful applicants (or, in the case of joint applicants, to the first-named applicant) in due course, at their own risk, to the address specified on the relevant Application Form. If an application is rejected or is accepted in part only, the application monies (or the appropriate portion thereof) will be refunded, either by returning the relevant cheque or draft or by sending a cheque made out to the applicant (or, in the case of joint applicants, to the first-named applicant) and crossed "Account Payee Only", in each case through the post at the risk of the applicant(s) to the address specified on the relevant Application Form. It is intended that, in processing applications, special efforts will be made to avoid any undue delay in refunding application monies to any unsuccessful applicants.

Share and Warrant certificates and refund cheques in respect of wholly or partially unsuccessful applications are expected to be posted by first class mail on or before 11th November, 1985. Ordinary Shares and Warrants will be dealt in separately.

Copies of this prospectus with Application Form may be obtained from:-

Baring Brothers & Co., Limited, 8 Bishopsgate, London EC2N 4AE

James Capel & Co., Winchester House, 100 Old Broad Street, London EC2N 1BQ,

The said of the said of

28th October, 1935

England

APPLICATION FORM

The Application List for the Ordinary Shares (with Warrants) will open at 10.00 hours (London time) on Friday, 1st November, 1985 and will close not later than close of The Application List for the Ordinary Spaces (was maximal with vertical business on that date.

This Application Form when completed should be lodged with or posted to Baring Brothers & Co., Limited, 8 Bishopsgate, London, EC2N 4AE, England so as to arrive not later than 10.00 hours (London time) on Friday, 1st November, 1985 accompanied EITHER, in the case of payments in US dollar on the London offee of a member bank of the London US Dollar Clearing Scheme OR, in the case of payments in stering, by a separate cheque or banker's draft in stering on a bank or branch thereof, and psyable, in England, Scotland or Wales or drawn on a clearing bank branch in the Channel Islands or the 1sle of bian, and made psyable to "Baring Brothers & Co., Limited" and crossed "Not Negotiable". A separate cheque or draft must accompany each application, which may not be considered unless these conditions are fulfilled. Photostat copies of Application Forms will not be accepted.

CHINA & EASTERN INVESTMENT COMPANY LIMITED

(Incorporated in and under the laws of Hong Kong with limited liability)

OFFER FOR SUBSCRIPTION

inary Share

17,000,000 Ordinary Strares of USSO cents each (with Warra	nts) at US\$1 per Ordinary Share or, at the option of payable in fall on application.	d each applicant, 71p per
Applications must be for a minimum of 200 Ordinary Shares and integral multiples thereof	Number of Ordinary Shares applied for (one Warrant being allotted with every five Ordinary Shares)	Amount Enclosed
To: The Directors		\$
China & Eastern Investment Company Limited		or £
Gentlemen. LWe enclose a chemic draft payable to Baring Brothers & Co., Li	L	
including 11th November, 1985 and this sentence shall constitute a collabinding upon receipt of this application by Baring Brothers & Co., Limited. I'We authorise you to send Share and Warrant certificates in respect the return in the same currency of any application monies due to melus, hereby authorise you to place my/our name(s) on the Registers of Membe said Ordinary Shares and Warrants. L'We declare and warrant that the cheque sent herewith will be paid understanding. I'We declare that I'we have read and noted, and will comply with, eather Timetable and the table of Contents. (1) Signature. Date	of such Ordinary Shares and Warrants, and/or by post at my/our risk to the first address were of the Company and of holders of Warrants if on first presentation and any allotment to m	a cheque representing ritten below and I/we as the holder(s) of the e/us is strictly on this s prospectus between
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4. Amount payable on **Ordinary Shares** accepted 5. Amount returned 6. Returned Cheque No. 7. Warrant certificate No. 8. Number of Warrants Address in full (A Corporation should complete this Form under the hand of a duly authorised Joint applicants must sign and complete below. official who should state his capacity) Surrame and Designation...... (Mr., Mrs., Miss, Title or Rank) Surname and Designation. (Mr., Mrs., Miss, Tule or Rank) Please pin cheque draft here Forename(s) in full

policants in the United Kingdom are strongly advised to use first class post and to allow at least two days for delivery. The Company reserves the right to present all chaques and drafts for on receipt and to withhold Share and Warrant certificates and excess application monies pending degrance of applicants; chaques.

o receipt will be issued for the arround plan on application, up the course, Share up Warrant certurates in respect of all or formery States (with warrant) applies the, and/or a returning application monies or any balance thereof, will be forwarded, in each case by post at the applicant's tisk.

FT COMMERCIAL LAW REPORTS

Delay can affect security for costs

JENRED PROPERTIES LTD V ENTE NAZIONALE ITALIANO PER IL TURISMO Court of Appeal (Lord Justice Nourse): October 8 1985

or significant by

IN AN action by a limited company the defendant's delay in applying for security delay in applying for security for costs or in potting for-ward his primary defence, is a factor to be taken intin account by the court when considering the application; and, having regard to the circumstances, the court may treat the delay as important, particularly if it led the company to act in its detriment, or might cause it hardship in the conduct of the action.

Lord Justice Nourse so held when refusing an application by Ente Nazionale Italian state tourist office) for leave to appeal from e decision by Mr Justice Knox. The judge had refused to make an order for security for

pany to act in its detriment, or might cause it hardship in the counder in the action.

Lord Justice Nourse so held when refusing an application by Ente Nazionale Italian per ii Turismo (the Italian state tourist office) for leave to appeal from e decision by Mr Justice Knox. The judge had refused to make an order for security for costs in an action hrought against the tourist office by an English company. Jenred Properties Ltd.

Section 726 of the Companies Act 1985 (previously section 447 in the 1948 Act) provides: "(1) Where ... e limited company is plaintiff in an action ... the court ... may, if it appears ... that ... the company will be unable to pay the defendant's costs if successful in his defence, require sufficient security to be given for those costs. ... *

HIS LORDSHIP said that on October 2 1985 a vendor's action by Jenred, for hreach of e contract for the sale of land, was called on for hearing before Mr Justice Knox.

One of the first things he had to dn was to determine an application for security for costs made hy the defendant, the Italian tourist office, under section 726 of the Companies Act 1985.

He dismissed the application and refused leeve to appeal. Tha

leave, tha trial having been edjourned. It had to satisfy the court that a full Court of Appeal could properly bold that the judge had misdirected himself, or otherwise erred in law, and could thus exercise its discretion afresh. If it could not pass that the suffer radically, did seem to be efactor in Jenred's minimally.

The said that the switch from acceptance of the validation of the agreement to repuditation on grounds which, over the said shifted radically, did seem to be efactor in Jenred's minimally.

It was true that in that case

refused.

The judge had identified nine separate factors which might tell for or against an order for for or against an order for security for costs. He first said there was jurisdiction to make an order, hecause of Jenred's parlous financial position. He then dealt with the other eight factors. Some he found in favour of the tourist office, and others in favour of Jenred.

favour in the application.

tavour in the application.

The judge had to choose between two evils. First, he said, there was the risk thet the tourist office would have to bear heavy costs even if it were successful—the mischief against which section 726 was intended to guard.

Secondly, he contrasted that evil with the fact that the tourist office's estimated costs amounted to some £80,000 to £85,000, so that security would need to be substantial. That would make it highly improbable that Jenred could continue with the action, said the judge, and it would therefore be deprived of the chance to assert its right to damages in a case where its chances of success were evenly halanced. halanced.

halanced.

He concluded that the scales came down in favour of not ordering security for costs. The two most important factors were the delay in applying, and the delay in raising the question of validity, which was calculated to impose stress on what the tourist office knew to be a private company.

office snew to be a private company.

Mr Brodie's principal criticism of Mr Instice Roor's judgment was directed towards the importance he ettached to the question of delay. He said that delay either ought not to be taken into account at all or, if it were ought to be treated as being of minimal importance.

There were two questions of law, said Mr Brodie, which the judge had in effect answered

wrongly.

First, to what extent, if at all, was delay in making an application for security for costs to be taken into account by the court, when exercising its discretion? Secondly, was it proper to take

minimally.

It was true that in that case the majority judgments did not treat the delay which had occurred as being a decisive factor, but rether as e makeweight.

However, the case clearly established that the court had a general discretion to be exercised having regard to all the circumstances. The particular considerations mentioned by the Master of the Rolls in that case were mersly illustrative and not intended to be exhaustive.

There was no dooht that delay was a fector which could always be taken into account and which could sometimes be treated as of importance—particularly where it had or might have led

could sometimes be treated as of importance — particularly where it had or might have led the plaintiff to act to his detriment or might cause him hardship in the future conduct of the action.

There might be other cases in which security could be ordered on an application made et the start of a trial or even at some later stage. Each case depended on its own facts.

depended on its own facts.

In the present case it would be impossible to hold that the judge hed misdirected himself in attaching the importance which he did to the delay factor. Moreover, it was clear that he considered a number of other fectors, all of which were proper to take inlo account, and some of which he held to be in Jenred's fevour.

Leave to appeal was refused. For Jenred: Gavin Lightman OC and Jonathan Crystal (Howard Rennedy and Rossi). For the tourist office: Stanley Brodie OC and Stephen Nathan (Colombatti and Pariners).

By Rachel Davies

APPOINTMENTS FINANCIAL TIMES

is proposing to publish e Survey on

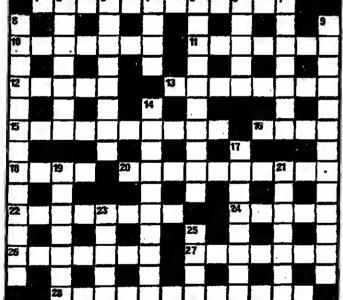
ELECTRONICS IN PRINTING CORPORATE AND COMMERCIAL PUBLISHING

on Monday, December 16, 1985 Advertising copy date for this Survey is Monday, December 2, 1985

For further details and a copy of the editorial synopsis contact:

Robin Ashcroft Advertisement Department. Financial Times, Bracken House 10 Cannon Street, London EC4P 4BY Tel: 01-248 8000 Ext. 3365

F.T. CROSSWORD PUZZLE No. 5,859



8 During the audition, putting

No. 5,851

control (10)

ACROSS

11 Aim to include another rude

bore! (7) 12 Managed to get central heating on the farm, but it's U.S. 19 Drag children up around

(5)
13 A seedy bar he's swallowing becomes sticky (8)
15 (See 1 acress)
16 Let it stand round the front of the truck, ready (4)
18 Puts a stop to scraps (4)
20 He has lots to sell (10)
22 To walk it, strangely, requires the equivalent of 1.341 H.P. (8)
24 Manages to get Sebastian's

24 Manages to get Sebastian's piano in (5) 26 A new thing that is often

worn by a retiring lady (7)
27 Read about strange thing
that transmits vibrations (7) 28 (see 1 cross) DOWN

2 Once a cook in charge of 2 great expanse of water (7) 3 The boxer put "a show that's different " (8) 4 Key to enter revolutionary

5 The old tie, when knotted, ought to fit inside what the surveyor's holding (10)
6 Standing up, for example, after he first damaged the barrier (5)
7 New story, "Tha King and I," included a former member of a royal house (7)

MR C. Albers, Newcastle upon Type; Mrs B. Stevens, St. Austell, Cornwall; Mr W. Osborn, Newport, Gwent; Miss M. Packham, Tenterden, Kent; Mr C. Card, Worthing, Sussex. We opologise for the omission of this list last Saturday. 5 The old tie, when knotted.

ber of a royal house (7)

The state of the s

Trafalgar House new specialist division

A new specialist division—mechanical and electrical engineering—has been established in the TRAFALGAR HOUSE GROUP, Encompassing building services engineering activities worldwide, including Young Austen and Young, Rashleigh Phipps Electrical and Young (International), the new division has a turnover approaching fillom, Divisional managing director is Mr R. J. Chenery, with hoard members: Mr J. Anderson, Mr A. G. Newton, Mr J. V. Savage, Mr B. S. Greenstreet and Mr D. S. Dannbauser, under the chairmanship of Mr P. B. Howell.

Mr Hans Fontein has been Mr Hans Fontein has been appointed a managing director of EBC AMRO BANK and Mr Michael Hughes Joins as an executive director with responsibilities for Eurobond sales. Both appointments follow the integration of EBC Amro Bank and Amro International. EBC Amro is the international investment banking arm of Amro Bank.

Mr Nigel Worze has been eppointed marketing director of Ross Foods and Young's Seafoods, which form the frozen food division of IMPERIAL FOODS. Currently general retail marketing manager of the two has appoint the companies. Mr Worne will take and Mr up his new appointment from partners.

ASSOCIATED HEAT SER-VICES has announced the appointment of Mr W. H. Withycombe to the board as managing director, from Novem-ber 1. He was previously manag-ing director of the specialist engineering division of Haden.

Mr Jonathan Cole, for the past three years managing director of Samuel Muntagu Leasing Ser-vices, has heen appointed finance director of TRAMP SHIPPING AND CHARTERING, the holding company of the Tramp Group.

Mr Michael Bailey, who has been appointed production director of HANOVIA, was pre-17 Orchestral composition for performance on October 1st (8) viously manufacturing services manager for STC Components.

PPP (PRIVATE PATIENTS PLAN), has announced a new management structure for the company. Her David Rose, formerly director—membership services, becomes director (operations) heading a division controlling UK personal and corporate insurance and international insurance. Finance director Her Jim Barns is appointed group finance director.

OLIVES PAPER MILL has appointed Hr Paul G. Chandoir and Mr Alan W. Wilson as directors from November 1. Mr A. S. Rescow is retiring on October 31.

Mr Richard C. Pield, has been appointed marketing directer on the main board of MARTLET PROPERTY SERVICES, holding company of Whiteheads and Braxtons.

Ms Zoë Biddiek has been appointed an associate director of GRANDFIELD RORK COLLINS FINANCIAL

Mr Brian Senior has been appointed regional arecutive director of NATIONAL WEST-MINSTER BANK'S West Midlands & Wales region. Deputy



Mr R. J. Chenery, managing director of Trafalgar House mechanical and electrical engineering division

regional director since 1982, he succeeds Mr Michael J. Cross oo

M Charles Hopwood bas been appointed managing director of STRINES TEXTILES from November 1,

WOOD GUNDY INC has appointed Mr Peter L Jones to head its international corporate finance division based in London. He was formerly director in charge of the Calgary office and of the prairies region of Western Canada.

Mr John Pennell has been appointed market development manager of ROCKWARE GROUP. He joins from Metal Closures Venus Packaging where he was market development manager.

LYDDON & CO., stockbrokers, has appointed Mr John Glavin and Mr John Langsdale as partners.

Mr L D. Smith has been appointed a director of HARRI SON HORNCASTLE INSURANCE BROKERS.

CLARION, UK distributor for Clark lift trucks, has appointed Mr Robert Speirs as managing director of the group's nationwide chain of sales and service outlets. He was previously chief executive of the southern region.

Mr John B. H. Jackson has been appointed deputy chairman of CAMBRIDGE ELECTRONIC INDUSTRIES. He has been a director of CEI since its formation, originally as a nominee of

tion, originally as a nominee of Philips Electronic & Asso-ciated Industries, of which he is still a non-executive director.

Mr Daniel L Quinlan, until recently director of marketing for the Formica Corporation in the U.S., has been appointed deputy managing director of FORMICA, based at Tynemouth.

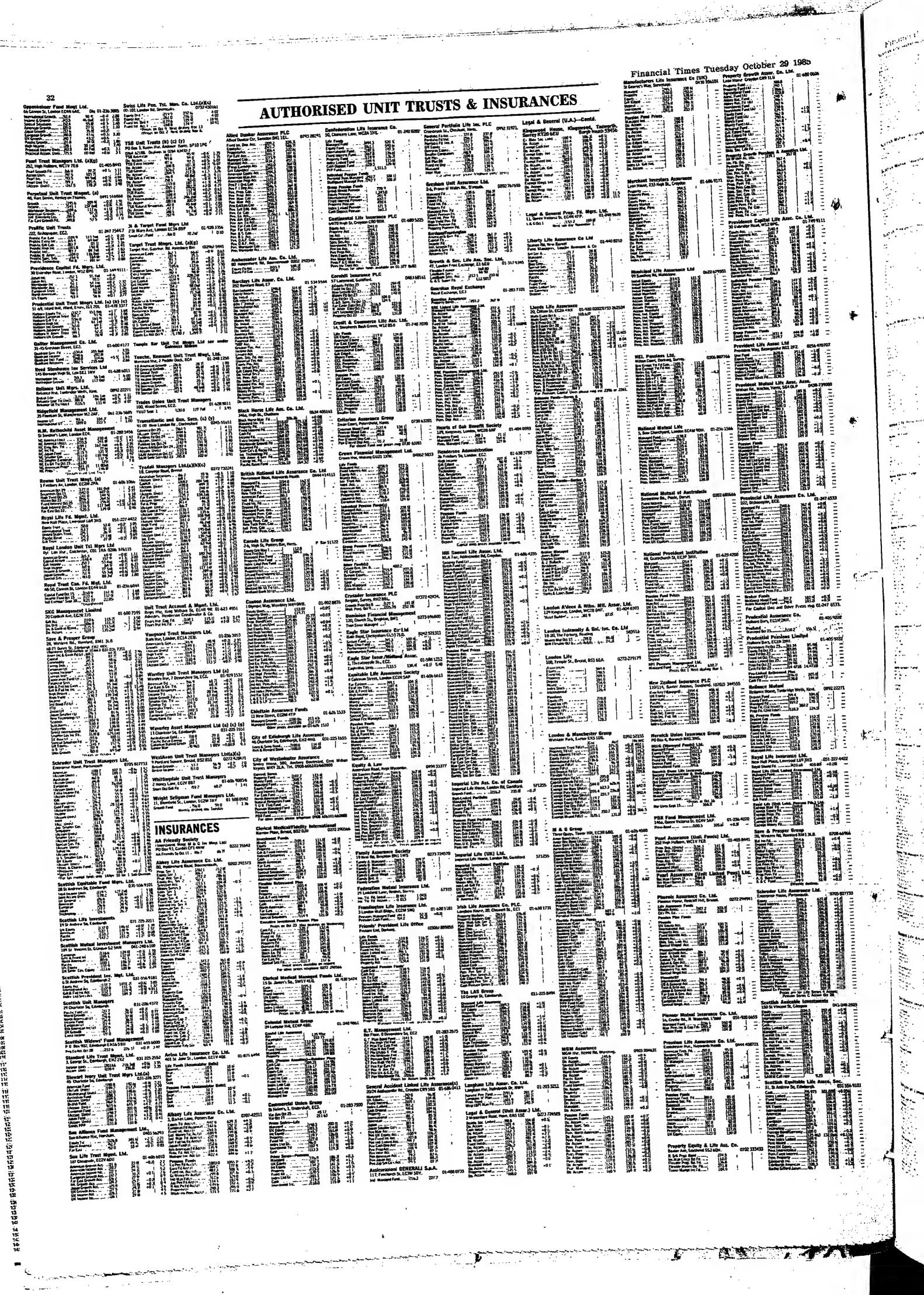
ARTHUR YOUNG, has admit ARTHUR YOUNG, has admitted the following to the partnership, from November 1: Mr G. A. Fulton (audit, London), Mr F. G. Hogg (audit, Glasgow), Mr A. M. Norton (business services, Birmingham), Mr G. S. Patterson (tax, Leeds), Mr G. Ritchie (corporate recovery, Edinburgh), Mr D. M. W. Sherwin (audit, London) and Mr P. G. Willey (tax, Newcastle). (tex. Newcastle).

FINANCIAL TIMES STEVENAGE SURVEY

25 November 1985 for further details, please ANDREW WOOD on 01-24S 5116 Pinancial Times Europe's Business Newspaper

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ORANGE JUICE 15,000 lbs; es

PLATINUM 50 troy oz; 5/troy oz

114.75 114.80 113.00 114.80 114.75 114.85 114.85 113.70 115.00 114.05 114.05 113.75 114.05 114.05 113.75 114.05 114.05 113.75 113.75 113.95 114.05 114.05 113.75 113.75 113.75 114.95 114.95 114.95 114.95 114.95 114.95 114.50 11

Petroleum Producing Countries

coffee from the western region

Under the ICA Uganda has an

export quota of 2.465m bags (60 kilos each) out of a global quota

of 58m bags. There are fears that the coffee not reaching

Rampala was being smuggled into neighbouring Rwands for

recently confiscated from poachers, President Gaycom

said. Studies are in train to specify fishable resources through the UN's Food and Agriculture Organisation (FAO)

and the Bay of Bengal Fisheries Commission, which, in addition to the Maldives, comprises India, Sri Lanka and

The fishing industry accounts for 16 per cent of the Republic's gross domestic product and employs about 40 per cent of

India, Sr Bangladesh

key route for the movement of sale outside the ICA quota

FIFTEEN of the world's big- French state-owned utility, gest coal producing companies, including Britain's National Coal Board and three private South African companies, yester-day launched an international aimilar to thoso serving the metal industries.

The organisation, the Inter-national Coal Development Institute, said at a Press conference at the NCB'o London offices, it was dedicated to extending the use of coal as "the most abundant long term fossil fuel source, adaptable to the widest possible energy requirements."

Among the founders are tha

Charbonnages de France, three companies from Australia, threa from the U.S., two from West Germany, and one from British Columbia. It is now seeking new members, in the Communist as well as the Western world.

The Institute, which has been registered as a British company, was publicly launched at a Press conference at the National Coal Board's head office, where it will be based until it finds its own accommodation in the Victoria area.

Ita first chairman is to be Dr Karl-Heinz Bund, former chairman of Rubrkohle of West Germany who said it had grown

BY RICHARD MOONEY

shipment problems gave extra lmpetus yesterday to an already-firm coffee market, helping to

push nearby positions on the London futures market up by

nearly £100 a tonne.

Worries about drought damage to the Brazilian crop continued to provide the market's basic strength but yesterday's sudden upsurge was largely due to confirmation of

Upanda was having difficulty getting its coffee to the ports and a Government admission

o open negotiations next month

to license other countries to fish

its rich tuna grounds for the

Initial talks will be with France and Spain but the offer to fish the Maldives' 200-mile

exclusive zone is open to all countries, President Maumoon

Abdul Gayoom said in an interview in London at the weekend.
"There have been lots of

out of conversations be had held lines of the Organisation of with Mr Ian MacGregor, NCB

with Mr Ian MacGregor, NCB chairman about 18 months ago. Mr Michael Gilpin, a former marketing executive of the NCB, ia its secretary-general.

At the press conference, officials denied that the inclusion of three South African companies was a politically controversial step, insisting that the organisation was strictly non-political, and that they would also like to see the Russians, Poles, Chinese and other Communist coal producers involved.

They also ruled out the possibility that it could become an international cartel, on the

They also ruled out the possibility that it could become an international cartel, on the

Shipment problems in Uganda

fulfil its export quota under the International Coffee Agreement

A trade report from Nairobi that no coffee ahipments bad reached Kampala, the Ugandan

capital, for three weeks was confirmed over the weekend by the Minister of Co-operatives

and Marketing, Mr Evaristo

that the capture by the National

Resistance Army several weeks ago of Masaka had oevered the

Maldives to offer tuna licences

THE REPUBLIC of Maldives, allowed. The Maldives would an examination of catches the island chain which spans expect a royalty of around recently confiscated from 90,000 sq m in the Indian Ocean 10 per cent based on the U.S. poachers, President Gaycom southwest of Sri Lanka, expects

West Coast landing price. The said. Studies are in train to

catch in the first year of any agreement would be limited to a maximum of 40,000 tonnes. Fishing by foreign fleets

would also be restricted to out-oide 75 miles from the Maldives'

ahorelines, near to which are both the tima breeding grounds and the areas worked by the fishing-dependent local popula-

Tuna resources have not "There have been lots of been quantified, but an abun- the country's labour force. It is dance of mature fish in the the Maldives' second most libited but line techniques established through, ironically, exchange, behind only tourism.

He said in a radio interview

give extra impetus to coffee.

CONCERN ABOUT Ugandan that it might not be able to

LONDON MARKETS

COPPER prices on the London Metal Exchange fell sharply yesterday in trading as sentiment reflected nervousness about the tin market crisis. Currency factors and a lower trend in the New York market also played a part in pushing cash higher grade copper down £21 to £963 a tonne. The cash discount against the three months position widened by £1.75 to £17.25 a tonne, suggesting an easing in the con-cern about the nearby supply situation which boosted values last week. Other base metals prices were also lower with cash lead losing £4.75 to £272.75 a tonne, cash zinc a new 33-month low, and cash aluminium falling £8 to £671.56 a tonne. Only nickel was a little firmer, reflecting increased manufacturer buying.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

	That region grows the robusts	
;	coffee that accounts for 95 per	Cash 071-2 -2 -
	cent of Uganda's exports and	
	provides virtually its only	
	source of foreign exchange. The	Complet closure family (Lam place)
	Minister also said there had	(676-7), three months 696-5 (698-5).
	been looting of coffee depots by	settlement 673.5 (677). Finel Kerb close: 696-6.0, Tumover: 90,625 tonnes.
,	the rebels.	Cidse: Bob-d.o. I Distaces. Objects territori
	The day the YOL Younds has an	

Higher grad	ie Close	+01	Highliow
Cash 5 months	967.5-8.5	-81	968/967,5 999/984
Official of	asing (sm	B C C C C C C C C C C	8 30 3
(1003-:5). Final Kerb	\$4ttiament	507.0	(969.5).

Cathodas 947 0 -21 Cash 947 0 -21 3 months 971 4 -17.55 978/971 Official closing (am): Cash 947-60 (965-8), three months 972.5-3.5 (968.5-9), sertlement 950 (968). Tumover, 22.400 tonnas, U.S. Producer prices 96,50-70 cents per ib.

LEAD

	· Unofficie loiose/p.m. £ per b) —	Highilow	Although the opening ground dur the lows.	no the day
Cash 0 months	278.5.0 276-25	-4.75 -5.18	213,5/272,5 261/278,85	sither pro-	ducers or
(278.5-7.5	sertiemen	months	288.76-7		Yesterday
Final Ker	mnes. L	77.5-78.	Lamoner	COCOA	& par tons
Câuta be	tb.			nec,	1686-168

NICKEL

£ per tonne	
Cuah 2940-5 +5 2950,2930 5 months 2940-5 +17.5 1975/2930	
Official closing (em): Cash 2980-90 (2950-5), shree months 2955-60 (2930-6), settlement 2990 (2955). Final Karb close: 2820-30. Tumover: 1,152 technes.	

TIN			
High grade	Unofficie close p.r £ por	tonne	High/low
Cash 0 months	=	=	1=
Official of	the	m): Cast	ertiement
Standard		, 1	
Oash 0 months	Ξ	!= {	=

Official closing (am): Cash — (—).

High orad	£ pe	High lov		
Cash a months	415-5 495-7		6437,488.	
(4235), sertiemen ciosa; 430	three more r 416 (4 -1. Turn	1ths 427. 123.5). 10ver: 26,	Cash 417-5 (431.5-2) Final Ker 400 tonnes 18.75 cent	

Unofficial + or .

GOLD

Gold was extramely quiet and duli on the London bullion merket yearserdey. The maiel gained \$1 to \$325-327, but trading was worthe a very earnow range, opening at \$328-327, which was also that high of the day, and touching a low of \$329-325, it was fixed at \$328'z in the morning and attention.

COLD BULLION (fine ownes) Oct 26

GOLD AND PLATINUM COINS					
Krg'r'nd #328 32016 ls Krug. \$1751-1783, 14 Krug. \$2614-855, 7/W Krug. \$3614-855, Mapleteal \$3506; 337-376, Mapleteal \$3506; 337-376, 1/13 Angal #5621g-376, New Sov. \$7635-794, ls New Sov. \$7635-794, 1806 Sov. \$80-815, \$20 Eagle \$460 500 Noble Plat \$3645; 3-4848,	(£230 (4 230 (4) (£19 1 (4) 151 (4) 151 (4) 151 (4) 152 (4) 152 (5) (£25 (4) 256 (4) 152 (5) (5) (5) (5) (5) (5) (5) (5) (5) (5)				

SILVER

SILVER Buillen + or LM.E. + or per Fixing p.m. Unofficit 3pet 408,25p 4,16 452,50p+1,50 5 mentus 444,15p +6,50 445,00p+1,50 6 mentus 456,10p +8,50 12 mentus 460,05p +1,45

U.S. MARKETS

PRECIOUS METALS traded in a featureless fashion on a general lack of fresh news although scattered support was noted from the crisis in South Africa and dollar weakness. Africa and dollar weakness, reports Hainold Commodities. Copper and aluminium weakened on a build up in LME sticks along with continuing concerns over the suspension of tin trading on the LME. Sugar firmed on concerns over dry weather in Brall cutting sugar came yields along with buying tender by India. Coffee traded limit up bid on with buying tender by ludia. Coffee traded limit up bid on the revision npward of damage in Brail along with the lack of shipments from Uganda. Cocca moved sharply lower on reports the lvory Coast crop appears larger than current expectations.

in tonnes unless otherwise stated **NEW YORK**

	1985		280
METALS		<u></u>	
Aluminium	£1100		£1100
Free Maria	S Inesies		& Inddien
Cash h Grade	E968	-21	£931.5
Ocid Troy oz.	. 12326.75	+1	\$520.25
3 mths.	£276.13	-5,18	£285.57
Utokal			
Fres Wkt	_190/218c	. 0.01	182'518"C
Patiaciom oz	. 5104.75	+ 3.20	2307
Quicksilvert	2760/275	710,20	5270/205
Silver trey or	432.200	0.18	431.05p
3 months	.444,10p	+0.84	443.90p
Tin cash			JPB717.5
_ 3 months			£8662.5
Tungston	.10,70		\$70.68
Zinc		-10	12477
8 months	£426.6	-6.6	£474.75
Producers.		}	18780
OILS			
Coconut (Phili	\$435x		\$485 \$360

INDICES

REUTERS

DOW JONES

FINANCIAL TIMES

Out. 28 Oct. 25 M'th ago Year ago

(Base: Joly 1 1852-100)

Det. 28 Det. 25 Mith ago Year ago

1710.4 1712.4 1699.5 1902.9

(Base: September 10 1931 -100)

Dow! Oct. Oct. Month, Year

Spot 117.09 115.97 — 124.49 Fut. 120.33 119.07 — 127.03 (Base: December 31 1931 = 100)

"Not evallable due to suspension of trade in tin on the LME.

MAIN PRICE CHANGES

_ 251,12 892,32

OILS	
Goconut Phili	\$435x \$435 \$362.0u \$4350
Palm Melayan	1 \$368.00
SEEDS	
Copre Phil	\$285x
Soyabean JU.a.	1 5810.504 8.70 \$516
CRAINS	
	* *******

Sariey Fut. Jan. £109.10 +0.10£109.49 Malze £155.85v£131.80 Wheat Fut. Jan. £109.00 +0.19£109.56 No. 2 Hard Wint. # Unquoted, x Oct-Nov. w Nov-Dec. v Nov. u Oec. † per 75 lb finek, c Cents

COCOA

epparent,	reports Gill and Cumus,	ı
	Yesterday's + or Business	ľ
COCOA	& par tonne . I flone	į
March -	1686-1687 -10.5 1704-1825 1723-1704 -20.0 1746-1722	l
May	1746 1749 -14.0 1766 1746 1763 1764 -14.0 1777 1762	l
Sept	1785-1790 -8.0 1785-1784 1770-1775 -16,0 1781-1789	ļ
Mar.	1750-1790 17.0 1950-1900	١
Soles:	4,309 (1,786) lots of 10	l

COFFEE

London market, reports Orasel, Sum-hem, Lambort. Early morning scrivity. with traded with values consoli-dering basis Jerusky around £7,800. A limit up citueton in New York aperised yet lurcher increases and at the end of enother busy session values were

£81-717 h	igher.	Session	Adinos	Weit
COFFEE	Yeste Clo	147's. +	or Bus	nees one
			_,	

		- '	
	•	,	
Nov	_, 16X8-3X	+41.0	
Jan	11882 80	. + a0.5	1892-179
March	31217-23	+ 110.5	1830-182
May	11 045 4R	+ 110.5	
July.	1006 BO	+ 108.5	
SPIY. I MINOR	1.120D-OO		
Sept	.11260-80	+27.5	ISO 1- 13-01
NOV	1960-050	+ 105.0	
Seles: a	704 (10,70	5) lots of	a tonne

MEAT

p. per kilo ideadweights

MEAT COMMISSION—Average let-stock prices at representative markets: GB—Cattle 94.30p per kg lw (-0.53): GB—Sheep 155.38p per kg lest dew (-2.10): GB—Pige 83.63p per kg lw (+1.41).

POTATOES

ICO Indicator prices (US cents per bound) for Oct 25: Comp. daily 1979 131.60 (131.64); 15-day average 123.97 (123.20).

FREIGHT FUTURES

A lack of information on the physical market led to a quiet day on Freight Futures, with levels seeing elightly over the mejorny of both sessions. The October position set at a lour-point discount to the epot index, but January saw elightly more pressure, dropping to 896 at one stage. Closing levels were elightly improved on the close, reports Clerkson Wolfs. The Settic Freight Index was 902.0 down 0.5 points.

I Cines . High/Low: Prev. Tumover: 94 (127).

GRAINS

Both markets drifted in the morning sassion in extremely thin leaturnless trade. Vertees improved lets in the day on good buying interest to close steady, registering gains of 10-20p on the day, reports Murpace.

HEAT	r —		BA
nth!	resterd'y close	+ or.	resterdy
Sy -	105.10 105.00 111.65 114.70 117.55 97.25		106.16 109.16 112.80 114.10
25; J 29 1 10 to 10 10	ness dor en 109.00 14.50 on nnes. 1 9.10-9.00 3.90. Sele	ly. Oel Barley: 1 March es: 85 los	es: 106 fov 106.5 112.00-1.7 as of 100

ausinos cons-septect Nov 108.100.05; Jen 108.00-880, Merch 111.86-8.20,
May 114.50 only. Oeles; 108 lets of
100 tonnes. Barley: Nov 105.90-5.80,
Jen 109.10-9.00, Merch 112.00-1.70, May
114.10-3.90. Seles: 85 lots of 100 tonnes.
LONDON GRAINS-U.S. Oark
Northern Spring No 1 15 per cent. Dec
134.25, Jen 128, Feb 128.75, transhipment East Coast, U.S. No 2 Soft Red
Winter, Nov 114.75, Oac 115.75, Jen
113, Feb 119.25, EC French, Nov 124.50.
English Feed lob, Spot VOS, seller, Nov
109.25-109.50, Dec 10-111, Jen 115.5012.00, Jen/May 112.50-113.50, April/
June 17.00-117.50, buyer/sellers. Earley: English Feed lob, 3por
107, buyer, first hell Nov 108.50,
buyer, Nov 109.00-109.50, Dec 110.75111.25, buyer/sellers. Jen 113.50,
seler, Jen/Mer 114.25-114.50, buyer/
seller. Rest unquoted.
HGCA—Locational excisers 104.30

seller. Rest unquoted.

HGCA—Locational 8x-larm epor prices. Feed wheat: Eastern 104.30, E. Mide 104.50, N. Ess: 105.30. Scotlend 104.40, Feed barley: Eastern 103.30. Scotland 100.40. The UK monetery Coefficient for the week beginning Monday November 4 (based on MCCA- raiculations using four days exchange rates) se expected to remain unchanged.

SUGAR LOMDON DAILY PRICE—Row suger \$129.00 (£90.50), down 31.00 (down \$1.00 (down \$1.00 (down) PIGMEAT—Prices remained at recent levels in very thin trading conditions, reports CCST Commodities.

Nov. 118.90 118.20 118.9-118.5 Feb. 101.90 108.00 W2.0-102.0 April 103.40 105.50 106,7-106,7 June 101.90 101.50 181,7-106,7 Aug. 99.50 20.50 100,0-108.0 Oct. 105.00 103.20 Seles: 5 (44) lots of 50 cercases, 3.250 kg.

Seles: 1,581 (449) lots of 50 tonnes. Tale and Lyte delivery price for granulated basis suger was £193.00 (£194.00) a tonne lor as port. International Suger Agreement—(U.S. cents per pound job and stowed. Caribbean ports). Prices for Oct 25. Gelly price 5.01 (4.97): 15-day events 4.93 (same).

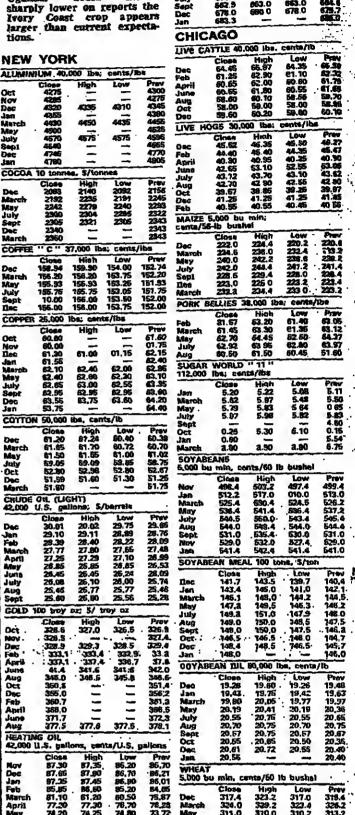
Nov..... 63.50 64.20 65.40-63.50 75.20 76.50 40.20 76.50 40.20 76.50 40.20 63.80-82.60 Sales: 505 (206) lets of 40 tonnes.

SOYABEAN MEAL

The market opened unchanged in quies trading, reports T. G. Roddick, Prices remained on the defensive throughout the day until some late commission house buying pushed values to close the market on the Yesterday + or. Business close Done

| Per tonne | Per Sales: 141 (208) lots of 20 tonnes.

LIVERPOOL — Spet and shipment sales ranged over numerous types including West Airican, Pakistani, Chinese, Spenish, American, Austrelien, Turkish, Colombian and Russian



The merket opened 40-60p stronger lollewing so improved Dutch quotation lower than the expected UK processed (rew equivalent) import figure to date, and continued strength in physical merket for good quality meterial. However, at 178.00 and above besis April keen salling interest throughout the moming contained the milly, and the stamoon saw a sharp dip to thin volume of over £1.40 with heavy volume only tred at 1, and below £77, with especially keen interest at £76.50 chart point, reports Coley and Herper.

Srent traded actively at rising prices, prompted by hrm gason lutures. Nymes WTI opened-10 cents up for Decaring and traded 25 cents up at 1.30 pre EST street pasking during the morning all 37 cents up. Within the patricious

Latest + or





Per tonne 270.00 +7.75 270.00 85.55 265.50 +4.67 266.56 16 18 265.70 +4.75 284.75 89.6 2650.50 +4.89 284.25 84.8 250.25 7. 750.76 4.8 242.76 -3.59 242.76 41.8 253.50 +8.75 230.00 35.55

Kuala Lumpur reopening

is welcomed ROTTERDAM — The Kuala Lumpur Commodity Exchange (KLCE) appears to have taken sufficient steps to restore confidence and the resumption of palm oil fulures trading today is generally welcomed by Rotterdam vegetable oil traders,

reports Reuter.

The world's only palm oil futures market bas been virtually closed since March 1984 when there was a massire default in contracts represent-ing around 140,000 tonnes.

European traders said at the time of the defaults that the damage to the KLCE's reputa-tion was probably irreparable. But new rules, including higher paid-up capital requirements from traders, an lm-proved clearing house system and the separation of client accounts, should be enough to get the market back on its feet,

they said yesterday. Traders said there is a genuine need for a palm oil futures market and they expect be prepared to use it along with local producers.

• FLORIDA Governor Mr Bob Graham has asked the Federal Government to declare a disaster area in 33 Florida counties because of damage suffered from tree-killing citrus canker

 NICKEL producer and con-oumer nations opened a two-week UN conference yesterday in Geneva on setting up an international nickel study group to monitor the world market, Improve data and provide a forum for consultations, A UN spokesman said a key Issue was whether the new body would be autonomous or merged with the London-based International Lead and Zinc Study Group

LONDON METAL EXCHANGE WAREHOUSE STOCKS
(Changes during week ending

	(tonne		
Aluminiu	m +4,500	to	194,27
Copper	+1,725	04	794,27
Lead	+2,800	to	43,35
Nickel	-714	to	5,37
Tim	+880	to	37,79
Zinc	十7,625	to	39,67
	(ounce	5)	
Silver	+358,000	to	53,662,00

Shell calls off oil search

less than three miles from Sallobury Cathedral. The hunt cost the company fim and was criticised by the

SHELL UK has called off its fruitless search for oil and gas

to be slightly down from 1984 excellent weather has kept yields high and Man Producten syeries figurated and man Produced expects the crop to total 2.12m short tons, a level only exceeded by the 1984 record of

ANOTHER BUMPER U.S. pea-nuts crop this year will keep world prices at historically low levels. Man Producten, the

exceeded by the 1984 record of 2.21m short tous.
But more of the crop is likely to be available to the market, the report predicts, because the "buy back" procedure used to Protect American peanut farmers' incomes is less commercially altrateive than it was last year. It forecasts 1985/86 U.S. exports at between 330,000 and 390.000 tonnes. compared

Farmer's

viewpoint:

By John

Cherrington

with 240,000-250,000 tonnes in

Meanwhile world demand is expected to remain at last year's level of 540,000 tonnes. The resulting substantial surplus, which seems inevitable unless adverse weather hits the Virginia crop in the next few weeks, is expected to keep prices low Man Producten says.

The Tea Brokers' Association prices low, Man Producten says At around \$600 a tonne

Quality tea dearer at London auction

Bumper U.S. crop will keep peanut prices low

1984/85. With exports from other

THERE WAS a mixed price world prices at historically low levels, Man Producten, the Rotterdam trader, says in its to remain at last year's levels latest market report.

Though the area planted to be slightly down from 1984 to be slightly do

The Tea Brokers' Association At around \$600 a tonne prices are currently at the lowest level for more than 10 years and only about a quarter of the peak level reached in 1980.

The feat Brokers Association of London said there was a strong market for Assams with "good liquoring oorts" dearer. The few quality Assams on offer fetched 10p to 20p more than ot last week's auction.

Vevy Rev Sydney Evans, cathedral dean, who feared it threatened the foundations of Clouds gather over the corn fields

I HAVE been spending the last few days in Western Scotland amid scenes of incredible beauty of hill, mountain, river and moor. But all around me are the remains of what was two centuries ago a viable rural society. There are still the ruins of houses and otables, field boundaries and abandoned

This destruction was the result of economic forces in a difficult farming area. Other areas took its place and this land became redundant—just as redundant as today some mines, ateel works and factories are finding themselves. And it could happen to farming nearer bome. For that reason, although no longer a dairy farmer, I view the latest EEC proposal to control the dairy surplus with a good deal of concern in case the principle spreads to other sectors. In essence it means a terminal quota for milk. The farmer who occepts the offer of a sum estimated at 25p a litre, seven years, will effectively be of the milk quota. Previously this issue was never in question as thore were no restrictions on milk output in the Community is otili running at 12 per cent over consumption.

much of its value both for rental and for sale. This attachment of quotas to the land alone has naturally upset farmers who claim that by milking cows on a farm over many years they have gained an interest in the capital value

per cent over consumption a rellef from these restrictions is a long way off. The UK Government is running a similar scheme but with the significant difference that the quota is reallocated to suitable farmers in Britain.

There is also a certain amount of transference of quotas beof transference of quotas be ling production, although it is

tween individual farms which is usually tied to areas of land.

In the case of tenanted farms landlords are very worried that once the farmer has sold or afterwised eight and the statement of the price of the pric otherwise disposed of his quota restraint policy.

the farm essentially lald out for . As the luckless agent for the farm essentially lald out for dairying would certainly lose imposing quotas Mr Jopling has



become rather unfairly tho most unpopular Minister of Agriculture that I can remember. But what farmers atill cannot accept is that they are subject to the EEC's common agricultural policy and not to a British farm policy, which actually could bave turned out a good deal worse for them.

The new milk quota exercise is aimed eventually at removing the 12 to 15 per cent surplus dairy capacity from Europe's farmers. It would mean one cow in overy seven becoming redundant. There are now pro-posals for cutting cereal output by something like the same proportion. The quota threat is muted now, and is only montioned as an addendum to a recent document. Perspectives in Agriculture, issued by the EEC. Again Mr Jopling and the National Farmers' Union talk of price restraint. But already some farmers believe that physical restrictions on

. It is too early to define the

measures to be used but the UR would be particularly vulnerable to them because of the vast cereal surpluses being accumulated bere. They are mainly of a type of wheat unsaleable on world markets unsaleable on world markets even with buge aubsidies. In these circumstances the long-term outlook for farming generally is very serious. British farming is efficient in the sense that it has lowered unit costs by increasing production. Once a limit is placed on physical production the only road to cost reduction is attacking the fixed costs of land, machinery and labour. There is no mileage in alternative crops as most are already in embarrassing

surplus.

Fortunately British farmers are not as indebted as their U.S. counterparts and if a real squeeze came they could turn to their creditors, the banks, landlords and suppliers and seek practical sympathy in the form of lower interest rates, rents and prices.

rents and prices.

This is already happening in the U.S. where the creditoro re having to write off loans. If these creditors dispossessed their debtors they would risk devaluing the collateral of the securities which they siezed.

I wonder if many farmers or landlords ar creditors realise that between 10 and 20 per cent of farming's productive assets are in danger of being made redundant as a result of Com-munity policies. That some in the industry are seeing the danger is shown by the large number of farms for sale but as yet unsold. The decline in rent increases reported and general drop in machinery sales. Uodoubtedly a change ment is on the way slowly now but it could soon gather recognition.

Silver was fixed 0.15p en ounce tower for spot dairvery in the Lendon bullion merket yesterday at 432.25p. US cent equivalents of the fixing levels were: spot STS-St, down 0.7c; three-month 627.2c, down 0.25c; six-month 639.75c, unchanged; end 12-month 637. unchanged; end 12-month 637. 434. (STS-819c) and closed at 432.435p (STS-819c).

LMS—Turnover: 45 (31) lots of 10,000 czs.
Morning: Large three months high 445, low 444.5. Final Kerb high 445, low 443.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

New tactics weaken dollar

Introduction of new tactics by the central banks made the foreign exchange market pause for thought yesterday. Afturising sharply in New York on Friday, when the delar approached DM 2.66, there was a general retrest yesterday, led by the latest movas from the Bank of Japan and the German Bundesbank.

Bank of Japan and the German Bundesbank.

In Tokyo the Japanese contral bank maintained the upward pressure on abort-term interest rates, leading to domand for the yon and higher yields on Government bonds. The Bank of Japan also sold dollars against tha yen, while the Bundesbank intervened in the forward market to push up Euromark daposit rates. The German central bank did not intorvone in spot trading on the open market, or at the Frankfurt fixing, but was reported to have sold the equivalent of ebout DM 4bn in forward dollar contracts, although market estimates varied quite widely over the figure. Euromark rates rose by about it per cent, bolping to offset any tendency for funds to flow out of Frankfurt into Tokyo as a result of the upward pressure on Japanese rates.

rates.
ths dollar foll to DM 2.6430 from DM 6.6530; FFT 8.0550 from FFT 8.0850; SwFr 2.1670 from SwFr 2.1720; and Y213.50 from Y214.80.

On Bank of Togland figures pound, but this was offset by the dollar's index fell to 130.6 from 130.8.

Dealers feared the moves on interest rates by the Bank of strength of sterling to the UK's export performance.

£ IN NEW YORK

	Oct. 28	Prev.	closs
Forward pr	121.4257.4977 10.44 0.41 pm 11.21-1.15 pm 15.45-3.30 sm mmlums and di to the U.S. do	0,43 0 1,18-1 5,40-2	.42 sm .16 pm .33 pm

mark a furthor lina of strategy to woaken the dollar, decided at the Group of Five meeting STERLING—Trading range against the dollar in 1985 is 1.4400 to 1.0525. September avarage 1.3657. Exchange rate index rose P.1 to 36.6. It also opened at 80.6 and remained at that level for most of the day, falling to a low of 80.4 at noom. Sterling was on the sidelines. It gained 1 cent to \$1.4270-1.4280, and showed small mixed changes against other currencies, falling to DM 3.7725 from FFr 11.40; and Y304.75 from Y305.50. but improving to SwFr 3.0925 from SwFr 3.09. High London interest rates continued to support the

POUND SPOT-FORWARD AGAINST POUND

28 spread	Close	One month	% P.S.	Three months	% 5-1
1.4215-1.428\$	1.4270-1.4280	0.42-0.39c pm			
1.8415-1.9520	1.9493-1.9520	0.52-0.43c pm			
4.24-4.264	4.25-4.26				5.3
76.18-76.50	78.40-76.50				2.5
13.633-13.683					2.
1-2170-1.2200					
3.75-3.77%					8.0
2317-2357					-14.1
					-2.5
					-14
					03
					1.3
					-2.8
					3.6
					5.6
					5.1
efgian mae la f	or convertible	francs. Financial	franc	76.95-77.05	_
	8 spread 1.4215-1.4285 1.9415-1.9620 4.247-4.267, 76.18-76.50 13.437-13.697, 13.437-13.697, 12.770-1.2200 3.76-3.77%, 2317-2357, 230.44-231,63 237-2567 11.267,-11.337, 3037-3057, 28.42-26.53 3.00-3.0087, 815jien mue le	8 spread Close 1.4215-1.4225 1.4270-1.4280 1.9415-1.9520 1.9462-1.9520 4.267-4.267, 4.25-4.26 76.18-76.50 78.40-76.50 1.2770-1.2200 1.2175-1.2185 3.78-3.774 3.774 2317-2352 232.44-231.63 221.33-231.63 25378-2547 231.39-1.1374 11.467-11.502	28 spread Close One month 1.4215-1.4295 1.4270-1.4280 0.42-0.39e pm 1.4215-1.5295 1.4270-1.4280 0.42-0.39e pm 4.264-4.264 4.25-4.26 0.52-0.43c pm 2.76.18-76.50 78.40-76.50 22-16c gm 2.76-1.77-1.2200 1.2175-1.2185 22-23-pre pm 2.76-3.77-3.77-3.77-4.3.77-4.3.77-4.231-239-232-231-33-231-33 230-2-357-23647 211.264-11.502 11.469-11.37-2 pm 11.284-11.302 1.139-11.37-2 pm-10-e de 11.484-11.502 11.49-11.504 22-17-c pm 11.284-11.303 21.31-11.332 22-27-c pm 11.284-11.303 304-305-1 22-27-c pm 12.84-25.53 28.50-26.53 3.00-3.064 305-3.064 22-17-c pm 14-12-12-gre pm 2-1-c pm 14-12-gre pm 2-1-c pm	23 24 25 26 27 27 28 28 28 28 28 28	7. Spread Close One month p.s. months 1.4215-1.4285 1.4270-1.4280 0.42-0.39c pm 1.4215-1.4285 1.2492-1.3520 0.52-0.43c pm 2.426-4.254 4.25-4.26 2.75c pm 2.426-4.255 4.25-4.26 2.75c pm 2.426-200 1.3.637-1.3.637-1.3.637-1.200 1.217-1.2185 1.267-1.2200 1.217-1.2185 1.267-1.3.637-1.3.75-3.774 2.27-2.200 1.275-1.200 1.27

DOLLAR SPOT-FORWARD AGAINST DOLLAR

October 2	Day's	Close	One month	% p.a.	Three	% 5.£
UKt	1.4215-1.4295	1.4270-1.4280	0.42-0.39c pm	3.40	1.27-1.17 p	m .3.33
Irelandt	1.1655-1.1710	1.1665-1.3665	0.22-0.12c pm	1.74	0.60-0.35 p	m 1.62
Canada	1.3663-1.3663	1.3666-1.3862	0.04-0.07c dis	-0.48	D.14-0.19d	B -0.48
Nethind.	2.9780-2.9860	2.9810-2.9820	0.48-0.46c pm	1.87	1.45-1.42 p	m 1.92
Belg lum	53.30-53.65	53.50-53.60	1-3c dls		4-7 dis	-0.41
Den mark	9.57-9.60	9.58-9.583	3-7-ore die		13-73 dis	-0.63
W. Cer.	2,6386-2,6470	2.6425-2.6435	0.76-0.70pf pm		2.10-2.06 P	rs 3.15
Portugal	1631-16472	1631-1641	125-300c dis	- 15.55	450-1050ds	18.29
Spain	161.81-162.22	161.95-162.10	40-60c dis	-3.70	185-256 dla	5.43
Italy	1781-1786	1782-1783	7-8tire dis	-5.04	214-23 dis	-4.98
Norway	7.803-7.53	7.924-7.92%	212-3ore dis	-4.16	8-81-dis	4.15
France	8.043-8.07	S.05%-8.08%	0.70-0.80c dis	1.12	2.86-2.90da	-1.36
Sweden	7.921-7.95	7.924-7.934	4-47-ore die	6.43	12-125 dis	- 6,77
Japan.	213.20-213.90	213.45-213.56	0.06-par y pm-	0.14	0.25-0.19 P	m 0.37
Averrie	18.54-18.59%	13.54-18.56	49-35-gro pm	2.50	12%-8% pm	2.37
Switz.	2.1630-2.1705	2.1605-2.1675	0.72-0.67e pm	3.85	2.02-1.97 p	m 3.68
† UK	end Ireland e	the U.S. dotte			premiume	
B	elgian rate is	for convertible	france. Financia			

EXCHANGE CROSS RATES

Oct.28	2		Ded	YEN	FFY.	S FY.	K FL	Lira	CF	BFr.
2	0,701	1,429	8,773 8,645	304.8 215.5	11,50 8,055	3,093 2,157	4,255 2,982	2645, 1783,	1.551 1.367	76,48 53,55
DM YEN	0.265 5,281	0.378 4.684		80.78 1000.	3.048 37,73	0.820 10.15	1.128 15.95	.074,5 8449.	0.617 6.401	20.27 260,9
F Fr. S Fr.	0,870 0,323			286.1 98.54		8,690 1,	5,701 1,376	8213. 822.8	1.697 0.631	66,49 24,72
N FL Lira	0,255 0,593				2.702 4.519	0.727 1,215	1,672	596.0 1000.	0,458 0,767	17.97 30.05
C S S Fr.	0.515 1,508		4.935	398,5	5,894 15,04	4.045	5,566	3528.	2,552	
You pe	1,000	Franc	h Fr p	or 10:	Line p	1,00	O: Bel	a La b	er 100	-

URO-CURRENCY INTEREST RATES

Oct. 28	term	notice	Month	Months	Months	Year
Sterling U.S. Dollar Can Dollar D oulder Sw. Franc Deutschmrk Fr. Franc Italian Lire	734.778 8.814 6.818 12-54 412-456 616-214	11 & 11 to 7 to 8	1166-1134 8-815 8-15-614 9-15-614 4-5-4-14 5-14-8-6 1950-15-6	1159-1134 8-6-6-6-6-6-6-6-6-6-6-6-6-6-6-6-6-6-6-6	11 %-1156 814-836 814-836 814-636 43-436 55-5-7 10-3-10-3 13-13-12	11% 11% 8% 8% 9.84 54.6% 4% 4% 0.65% 10% 11
8.Fr.(Fin) 8r.Fr(Con) Yen D. Krone Asian \$ (Sng)	914-514	856-878 854-878 8-818 914-854 816-811	858-878 858-812 778-818 9-812 9-812	85g-87g 85g-87g 77g-8 9-91g 81g-814	834-5 834-9 819-838 9-912 814-838	854-9 876-916 636-856 914-534 516-856
			01 03		-	95-10 nor

Lang-term Eurodollars: two years 91-91 per cent; three years 61-10 per cent; four years 10-101, per cent; five years 104-102 per cent nominel. Short-term retes are call for U.S. dellem and Japanese yen; others two days' actics.

FUTURES AND OPTIONS Eurodollars firmer

export performance.

D-MARK — Trading range against the dollar in 1985 is 3,4510 to 2,5190. September everage 2,2370. Exchange rate index 127.8 against 121.1 six The D-mark improved slightly against the dellar after the Bundesbank intorvoned heavily in the forward currency market, selling dollars and buying Dmarks for four-day maturities, to keep German interest rates firm

marks for four-day maturities, to keep German interest rates firm across the month end. This had the effect of increasing Euromark rates, but was also aimad at keeping domestic interest rates up, as increased liquidity pushod call money down to 4.35 per cent on the Frankfurt money market from 4.45 per cent on Friday. The dollar fell to DM 2.6450 at the Frankfurt close from DM 2.6470 previously. The Bundesbank was not seen on the open market, and did not intervene at the Frankfurt fixing, when this dollar was little changed at DM 2.6453 compared with DM 2.6455 on Friday. Higher Japanesa interest rates lad to a rise in the yen to DM 1.2360 per 100 yen from DM 1.2305. U.S. bonds finished above the day's lows but failed to recoup all of the early losses. Values were enoted below a support level of 76-19 but came back to 76-17 still down from an opening of 76-21.

A sharp increase in Japanese interest rates provided food for thought with dealars suggesting that the Bank of Japan was using the prospect of 2 higher rate structure to improve the valos of the yen against the dollar. Bend prices in Japan continued to lose ground, recogniting the supporting to the

Short sterling prices were marked lower on news that the Bank of England was to decrease the amount available through temporary facilities to commor-

CURRE	NCY	RATE	s			ove the		
Qct, 28	Bank rate		European Currency Unit	CUR	RENC	Y FU	TURI	ES
Starling 11, S. \$. Canadian 8, Austria Soh,	71 ₂ 8.77		0.596698 0.835725 1.14151 15.5278	POUND	-6 (FO	3-mth.		E)
Belgian Fr Danish Kr D mark	7 4	07,1397 10,2394 2,82000	44,7930 8,01464	1,4275 IMM-ST	1.A236 ERLING Latest	Se per f		3m
French Fr Lira Yen	51 ₂ 151 ₂ 5	8,59600 8,59600 87,663	6.73952 1492.19	Dec March	1.4205 1.4105 1.4036	1,4220 1,4120 1,4040	1,4170 1,4060 1,4035	1.40
Norway Kr., Boan'h Pta., Swedish K.,	8	8,44996 172,772	6,52313 135,613		STERLIN 5 per £			
Swise Fr Greek Dr'oh Irish Punt	4	2,30936	1,81108 129,522 0,714504	Dec March	1,4210 1,4105 1,4025	1.4210	1.4150	1.418 1.407 1.398
CS/SDA	rate lo	October	5: 1.45567.	Previous	d volum	e 23 (7) open int	3,836 (3,	
OTHER	CUE	RENC	JES		DEUTSCH	E MARI	5	

OTHER CURRENCIES

CURRENCY MOVEMENTS

Morgan Gearanty changes; average

1980-1982-700. Bank of England Inde

(base average 1975-100).

Oct 25	2	
Arg'tina	1,1404-1,1427	0.8000-0.801
Aus' alia.	2,0365-2,0405	1,4965-1.488
Brazil	11,988-12,054	8.410-8.460
Finland	8.0980-8,1140	3.6785-5,680
Greece	218.92-224.48	153,58-157,3
	11,1125-1f,1225	7,7990-7.801
LEU sesses	124,60*	86,70
KUWRIE	0.4805-0.4215	U.Napid-U.Napi
Trox. perio	76.40-78.50	83,50-03,00
WEISA. Rd	3,4950-3,5050	2,4040-Z,407
M.Z. Imud	2,6300-9,5500	1,7710-1,761
SEUCI AT	5,2005-5,2060	3.0480-3.00U
am pore	3,0440-3,0540 5,7080-3,7130	2,1303-2,130
B.AT.(CIT)	4,7586-4,9295	E 2335 3 049
SAL ILLI	C 0700 4 9293	12,333333,440
U.A.E	6,2325-5,2380	9'0190-9"019

	Ecu central rates	Currency smounts against Ecu October 28	% change from central rate	% change adjusted for divergence	Divergence
Belgian Franc	44.8320	44,7930	-0.08	+0.61	±1.5425
Oenleh Krone	8, T2857	0.01464	-1.40	-0.70	±1.6421
Germen D-mark	2,23840	2.21082	-1.23	-0.53	+1.1455
French Franc	6.86402	6.73932	-1.82	-1.12	± 1.3664
Outch Gulider	2 52208	2.48382	-1.12	-0/4	±1.6162
rieh Punt	0.724578	0.714604	-1.38	-0.68	+1.6673
telien lira	1520.60	1492.19	-1.87	-1.76	±4.0858
Chenge	es are for E	cu, therefore	positive chi	inencial Time	• e.

MONEY MARKETS

UK rates slightly higher

Interest rates were marked up in London yesterday. Trading was quiet for much of the time but higher rates in Tokyo and recent suggestions that higher interest rates may be used to control currency movements tended to push period rates a little higher Three-month interior. recent suggestions that higher intorest rates may be used to control currency movements tended to push period rates a little bighor. Three-month interbank monsy was quoted at 11½ per cent and in band 4, £3m of Treasury bills and £105m of oligiblo bank bills all at 11½ per cent while three-month oligibls bank bills were hid of 11½-11½ per cent. In the afternoom further boly totalled £380m, £1m of eligible bank bills in band 1, 5297m In band 2 and in band 3 £6m of Treasury bills and £48m of oligible bank bills in band 1, 5297m In band 2 and in band 3 £6m of Treasury bills and £48m of oligible bank bills and in band 4 £28m of eligible bank bills and in band 4 £28m of eligible bank bills and in band 4 £28m of eligible bank bills and in band 4 £28m of eligible bank bills and in band 4 £28m of eligible bank bills and in band 4 £28m of eligible bank bills and in band 4 £28m of eligible bank bills and in band 4 £28m of eligible bank bills and in band 4 £28m of eligible bank bills and in band 4 £28m of eligible bank bills and in band 4 £28m of eligible bank bills and in band 4 £28m of eligible bank bills and in band 4 £28m of eligible bank bills and in band 4 £28m of eligible bank bills and in band 4 £28m of eligible bank bills and in band 4 £28m of eligible bank bills and in band 4 £28m of eligible bank bills and in band 5 £28m of eligible bank bills and in band 5 £28m of eligible bank bills and in band 5 £28m of eligible bank bills and in band 5 £28m of eligible bank bills and in band 5 £28m of eligible bank bills and in band 5 £28m of eligible bank bills and in band 5 £28m of eligible bank bills and in band 5 £28m of eligible bank bills and in band 5 £28m of eligible bank bills and in band 5 £28m of eligible bank bills and in band 5 £28m of eligible bank bills and in band 5 £28m of eligible bank bills and in band 5 £28m of eligible bank bills and in band 5 £28m of eligible bank bills and in band 5 £28m of eligible bank bills and in band 5 £28m of eligible bank bills and in band 5 £28m of eligible bank bills and in ba

balances brought forward £35m

Bove target.

Early bolp was given, totalling \$368m and comprising purchases of aligible bank bills: £30m in band 1 at 11½ per cent, £110m in band 2 at 11½ per cent, £8m in band 3 at 11½ per cent and £220m in band 4 at 11½ per cent. After 2 revised shortage of

MONEY RATES

Oct. 28	Ov'r nig't			Three Months		
Frankfurt	4,5 4,4 5,2 72 11, 5 61, 7 09575 144 14-4	4 65 4 80 5 7 5 4 1 5 6 0 1 7 5 5 1 2 5 1 4 4 1 5 1 6 6 8 4	7,53186	4.75-4.9P 9.1-9.4 4.1-4.8 6-813 7.53185: 1456-15 8:3-8:1 934-10	81g-514	: =

Japanese interest rates continued to rise in Tokyo as the Bank of Japan sold Y500bn of sought funds to prepare for traditional end of month and year credit shortages, putting forward a similar amount of maturing bills. Call money Japanese interest rates con-

LONDON MONEY RATES

offer 814

FT LONDON INTERBANK FIXING (11,00 a.m. Oct.28) Three months U.S. dollars The fixing rates are the entimetic means, rounded to the nearest one-sketeanth, of the bid and offered miss for \$10m quoted by the market to

| 114-129 | 114-114 | 115-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-114 | 114-Treasury Bills (sell): ene-month 1fth per cent: three-menth 11th per cent. Bank bills (sell): one-month 11th per cent: three-month 11th per cent. Treasury Bills: Average tender mits of discount 11.1334 cer cent. ECCO Fixed Fixed

Dec 112-05 March 112-07 Sept 111-07 Dec 111-07 Estimated volume 7,088 (5,080) Previous day's open int 4,922 (5,771) Basis quote (clean cash grice of 13% Tressury 2004-08 less equivalent price futures contract) —6 to +/

LONDON

20-YEAR 15% NOTIONAL GILT £50,000 32nds of 100%

£100.000 64ths of 100%

Dec 97-53 97-50 97-41 98-March 98-02 — 98-Estimated volume 1,185 (714) Previous day'e open int 1,213 (1,752)

Dec 136.15 135.25 135.10 135.80 March 136.15 — 136.00 Previous day's open int 1,710 (1,682) Estimated volume 229 (139)

91.77 91.46 91.13 90.79 90.46 (3,918) (21,296 (

THREE-MONTH FURODOLLAR

LIFFE E/S OPTION

LONDON SE L/S OPTION

PHILADELPHIA SE E/S OPTIONS

Strike Price 1.20 1.25 1.30 1.35 1.40 1.45

Close High Low 76-17 76-22 76-06 75-03 75-01 75-01 matted volume 2,850 (4,751) vious day's open int. 3,338 (2

THREE-MONTH EURODOLLAR (IMM) STM points of 100"

92.11 91.81 91.44

70-12

Puts—Last March 0,02 0.05 0,15 0,34 0.63 1,03

Puts-Last March 0.23 0.61 1.40 2.76 4,82 7.63 11.11

Puts -L. March 0,40 0,70 1,40 2,50 4,50 7,40 10,70

\$ [4 | [2 |]

Dec 0.00 0.00 0.05 0.38 1.59 4.25 5.25

June 22.83 17.83 13.02 9.76 7.05 4.94 3.33 e 9.74

rch June 70 22-20 10 19.10 10 13.30 80 9.80 00 7.20 46 5.00 95 3.20 Calls 7,867

March 22.70 18.10 13.10 8.80 6.00 3 45 1,95

CHICAGO

91.79 91.48 91.12

CERT. DEPOSIT (IMM)

Zatest 76.09 75-01 73-28 72-26 71-29 70-07

86.68 89.12 89.33 89.26 89.23

March 91.91 91.51 June 91.44 91.44 -Sept -U.S. TREASURY SILLS (IMMA) Sim points of 700°4

Eurodollar contracts finished tho day on a firmer nots in tha London International Financial Futures Exchango yesterday. The December price opened at 91.80 and rose to 91.81. However there was good selling at this level and values were marked down to 91.77. This is turn attracted renewed buying and prices finished at the day's high of 91.82. The firmar trand came despite a rather depressed U.S. bond market as there were suggestions of a possible ent in suggestions of a possible ent in the U.S. discount rate once again.

continued to lose ground, prompting the authorities to in-crease the price limit on daily movement to three points from one point in order to allow prices to match the downward pace in cash instruments.

temporary facilities to commer-cial banks by not renewing an expiring credit facility. After an opening level of 88.67, tho December price touched a low of 88.54 before recouping most of the day's losses to finish at 88.65, still down from Friday's close of 88.68.

Gilt prices were also lower soon after the start of trading but recovered on short covering to finish above the day's lowa

STERLING INDEX Oct. 28 Previous 8.30 am 80.6 9.00 am 80.6 10.00 am 80.6 11.00 am 80.6 Noon 80.6 80.7 80.7

1.00 pm ••••• 86.5 88.5

EMS EUROPEAN CURRENCY UNIT RATES

Stx. months U.S. dollars

working day. The banks ere National Westminster Bank, Bank of Tokyo, Deutsche Bank, Bank Nationale de

Over 7 days Three Soc sight notice Month Month

March 4.35 1.50 RICHARD GREEN. 4. New Bond Street, W1 81-493 3959. 9RTFISH MART TIME PATNITING. Dully 10-6, Sats. 9.50-12.09. W. H. PATTERSON, 19, Albemarte Street, London W1X SHA. 61-429 4119, Exhibitbloading Belding banker of Still 30th October 9th November. Daily 9.30-6 nm. Sat. 10-1 pm.

pound against various currencies on October 28, 1985. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non commercial rate; (nom) nominal; (o) official rate; (sg) selling rate; (c) controlled rate; (u) unified rate.

COUNTRY	CURRENCY	VALUE OF £ STERLING	COUNTRY	CURRENCY	VALUE OF £ STERLING	COUNTRY	CURRENCY	VALUE OF
	Afghani Lek		Graculand	E. Caribbaan 8	13,68 3,84	Seru Philippines	Sol Dear	exe(A)15,882,4
Andorra	French Franc	11,63 251,48	Ouam	U.S. 5	3.84 11.4975 1.4975 1.4275	Pitcairn Islands	J.C. Sterling	25,60 9,5400
Anligue	E. Caribbean \$	42.0940 5,84 1,1410	Guloea	RvII	32.95 209.71	Poland	Zioty	818.51
Australia	Australian \$ Schilling Portuga'se Escudo				5,9890 7.19	Puerto Rico	PortugueseEsoude	234.0 1,4275
Bahames	Ba. Dollar	234.0 1.4278 0.5570	Nonduras Hong Kons	Lempira H.K. 8	2.87 11.1175	Qatar		0.1870
Balcarie Isles Bangladesh	Spa Peseta Taka	861,48 41,78	Hungary		55.0290	Reunion feland		11,4975 (Cm) 0,84
Berbados		0,8630 /(om) 73.45	india	Ind Dunne	59.4996	Romania		I(N:C) 15.34
Beiglum		i (fn: 77.00	I INCOMESIAL TO A TO	KUDIAN	17.10	Rwanda		167.01
Beilze	CEA France	9,85 574.88	lran	Rial	1,598,59 124,60(sg)	St. Christopher	E. Caribbean \$	5,84
Bermuda	Rda 5	1.4276	i Irish Republic	Iriah £	0.4425 1,2180	St. Neiena	East Carridge &	1.0 5.84
phutan	Nguitrum	17.10	187361	Mhekal	2,115,0 2,544.5	St. Lucia	Local Franc	11.4975
Bolivia,	Bolivian Peso	(0) 106,769.5	Ivory Coast	Lire C.F.A. F	2,544.5	St. Vineent Samon American	E. Caribbaan S	5.84
Botswana	Pula	8,95	Inmeles	C.F.A. Franc	574.88	San Marino	U.S. 6 Italian Lira	1,4275
Brit. Virgin Isles	Cruzelro##	12,021.0 1,4875	Jamaloa Japan Jordan	Yen	5.00(sg) 304.75 0,5570	Sao Tome & Prig	Pobra	2,544,5 60,41
Brunel	Brunel S	3,0490			0,6370	Saudi Arabia	Saudi Ryal	5,2033
Bulgaria	Lev	1.4258	Kampuchea	Riel	NIA	Senegol	C.F.A. France	574.88 9.60
Surkino Faso	C.F.A. Frano	574.88 11.0000	Kenya Kiribati Korea (Nth)	Kenya Shifting	95.55	1 MOLLO PECUE ********	Leone	(O) 7.60
Burundi	Burundi Franc	155.05	Korea (Nth)	Won	2.0385 1.34	I SIMBADORO	Singaport 5	3.D490
			Korea /Sth) Kuwait	Won	1,239.89	Solomon Islands Samali Republio	Come II Chilling	8,8250 09,10
Cameroon	C.F.A. Franc	574,88 1,3507	MINNET	Kuwaiti Olner	0.4210			3,7080
Canary falands	Spanish Pesets	231.48	Laos	New Kip	49.82	Spain	Peseta	951,48
Canada	Cape V. Escudo	127,08 1.1885	Lebanon	Lebanese £	24.83 3,7080	Spain	Desets	251.48
Cayman Islands	Cay. Is 5	1.1885 074.88	Lesotho	Liberian 2	3,7080 1,4275	Sri Lanka Budan Republic	S. L. Rupes	38.80
Chad	C.F.A. Franc	374.88 255.88	Libye Lieohtenstein	Libyan Binar	0.4215	Budan Republic	Ruden £	5,50
ChadChile	Chilean Peso	255,88	Liechtenstein	Swiss Franc	0,4215 5,0925	Swaziland	8. Guilder Lilenseni	2.54 3.7080
Colombia	Renminol Yuan	4,4376 (F)230,50	Luxembourg	LUX Franc	76,45	SWeds D.,	S. Krana	11,52
Colom0la Comoro islands	C.F.A. Franc	674,88	Macao	Date		Switzerland	Swies Franc	5,0325
Congo (Brazaville),	C.F.A. Frano	574.88	Madelra	Portuguese Escurio	11.53 234,0	Syria	Syrian £	I (AI (Tr 2,0 I (CM) 5.66
Costa Rica	Colon	(U) 74,58	Madeira Majagasy Republic	MG Franc	770,85	Talwan	Maur Triump 6	87,01
Cuba	Ouban Peso	1.5255	Malaysia	Kwacha	2.4180			25.65
Сургие	Cygrus £	6268.0	•	Ruffyan	5,5000	Theiland	Baht	37.50
Czechoslovakis	Комиля	(com) 5,25 nra 15,10	Maidive Islands		10,04	Topo Kepuulic	C.F.A. Franc	574,88 2,0383
		f 15.33	Malia Reguldic	C.F.A. Franc	574,88	Trinidad	Trinidad & Tob \$	5.45
Denmark Dipouti Dominica	Danish Kroner	13,58	Mail Resublic Mall Resublic Malta Martinique Mauritanie Mauritus	Legal Franc	0.6250 11.497a	Tanzania The land Togo Republic Tonge lelands Trinidad Tunisia Turkey Turke & Calcos Turks & Calcos	Tunislan Olnar	1, 11 70(eq) 783,86
Dominica	Dijibouti Franc	248.0 5.84	Mauritanis	Ouguiya	105.48	Turke & Colone	Turkish Lira	783.85
Dominican Repub.		(OJ 1,4270	Menusine	M. Rupee	20,80 (F)625,88	Tuvalu	Australian S	1.4975 2.0385
Ecuador		130,54	Mexico Miquelon	Local Evene	(C450.11 11,4875	Uganda		260,0
Egypt		1.1828 (14)	Monaco Mongolia Montaerrat	French Franc Lungrik	11.4275 4.78	United States	J.S. Dollar	1,4275
El Salvador	Colon	1.7528 (8) 110) 3.5666 (F) 5.7753	Montserrat Morocco	E. Caribbean 5	3.B4	Uruguay Utd.Arab Emirates	I.A.E. Oirham	165,24 5,2553
		l(F) 5.7753	Mozambique	Metical	14,02 (sg) (A) 59,79	ILS.S.R	Roudie	1,1118
Equatorial Oulnea. Ethiopia	C.F.A. Franc Sthoulan Birr	074.88 2.5500	Mamible	R A De nd	3,7080	Venuatu	(atu	147.00
Faikland Islands	Falkiand is £	1.0	Nauru	Austalian Dollar	2.0385	Vetican	tallan Lira	147.00 2,544, 3
Faros lalanda	Danish Kroner	13.58	Nepai	Nepaless Rupes	2B.05			(4) 6,19
Fiji Islands Finland	Fijt Ø Morkka	1.5775 8.1060	Nauru	Guilder Antillien Oulkler	4.8550 2.53	Venezuela	Bollvar	((4) 6, 19 - 15 10,58 (5) 20,68
		11.4975	ITSW ZEWAND	N_Z_ DOHAF	2,5400	Vietnam	Name .	
French C'ty in Af_	C.F.A. Franc	574.88	Niger Resullic	Cordoba	10:35.38	Virgin island ILS	LS. Dollar	(0) 133,49 1,4275
France French O'ty in Af_ French Guiana	Local Franc	11,4975	NIECOS	Naire	574.88 1.982471(89)			
French Pacific is Cabon	C.F.P. Franc	200.0 574,88	Norway	Norwegian Krana	11.3195	Western Samoe	Samoan Tala	(A) 5.0455t
Gambia	Dalasi	5.00	Oman Sul'ate of	Rust Omanf	0.4925	Yemen (Nth)	Rval	(A) 9.97
Germany (East) Germany (West)	Ostmark	3,7725	Pakistan Panama	Pakistan Rpee Relboa	29.60	Vermen (Sth)	Vames Non-	0.4885
Germany (Westl	Deutsche Mark	5,7725 83,5680	Papua N. Ouinea	Kina	1.4275 1.37 50	Yugoslavia	Yew Y Olnar	418.1011
Chana Dibraltar	Cibraltar £	1.0				Zaire Republic	Zaire	75.6900
O reece	Drachma	221,70	Paraguay	Guerani	/ 341,90(10) 1,026.7 7 ₁ 7	Zambio Zimbabwe	tweete	75.6900 8.60 2.4000

‡ Rele is the transfer market (controlled). ‡‡ Now one official rate. (1) Essential goods. (2) Preferential m (4) Preferential rate for sublic sector debt and essential imports. (5) Preferential rate. (6) Free rate for luxury im revel. (7) Persilet rate. (8) Rate for ministrances of lareign money by Egyptians working obrased. (6) Banknots in business transactions. lens (Potober 21):-Paraguey, 1,077.0 and W. Samoa, 3,0412.

Company Notices



Republic of Indonesia

U.S. \$75,000,000 Floating Rate Notes Due 1990

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the period 29th October, 1985 to 29th April, 1986 has been fixed at 85x per cent. per annum and that the coupon amount payable on Coupon No. 7 will be U.S.\$4360.42.

البنك السعودى العالمى المحدود Saudi International Bank AL-BANK AL-SAUDI AL-ALAMI LIMITED

WMC FINANCE LIMITED

U.S.\$ 50,000,000 151% Guaranteed Notes due 1988 NOTICE OF EARLY REDEMPTION On behalf of the Issuer, S.G. Warburg & Co. Ltd. hereby gives notice to olders of the above-mentioned Notes of the Issuer's election in accordance if the condition 5(C) of the Notes to redeem all outstanding Notes on 15th ecember, 1985.

Consequently on 15th December, 1985 there will become due and payable upon each Note, together with all appurtenant coupons maturing subsequent to 15th December, 1985, outstanding 101 per cent, of the principal amount thereof together with eccrued interest to said date at the office of:-

S.G. WARBURG & CO. LTD., 33 King William Street, London EC4R 9AS or one of the other paying agents named on the Not Interest will cease to accrue on all outstanding No

29th October, 1985 S.G. Warburg & Co. Ltd. as Principal Paying Agen

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WORLD VALUE OF THE POUND

 $\mathbf{F}_{B_{1},r_{1}}$

Financial Times Tuesday October 29 1985

Financial Times Tuesday October 29 1985 Diamond and Platigum | Light | Ligh Central African Australians 215 -10 miles 1.0 19.0 135 -5 12.0 0 12.7 90 25 0 12.4 650g 25 0 19.0 18 25 0 19.0 17 45 24 5.8 25 4 19.8 vex 24 5.8 | The content of the Finance, Land, etc "Recent Issues" and "Rights" Page 40 (International Edition Page 38)

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £800 per amount for each security.

MARKET REPORT

Gilt-edged weakness mars active trading session Second-line equities buoyant

ACCOUNT DEALING DATES ACCOUNT DEALING DATES
Option

* First Declara: Last Account
Dealings tigms Dealings Day
Oct 14 Oct 24 Oct 25 Nov 4
Oct 28 Nov 7 Nov 8 Nov 18
Nov 11 Nov 21 Nov 22 Dec 2
"Noveline" dealings may take
place from 8.30 sm two business days
earlier.

** Press comment.**

Losses among longer maturities eventually resched a full point with little sign of a recovery developing. The shorts were also depressed and sustained falls ranging to }.

quoted Drayton Premier.

quoted Drayton Premier.

Leading shares were more quist but some made limited headway. Revived hopes of increased government spending encouraged Construction issues, probably the session's outstanding sector, while secondary stores as a whola benefited from the Owen Owen takeover offer. Although the FT Ordinary share index lost an early small gain to close 2.2 down on balance at 1,048.6 business overall was considered satisfactory for the first session of a new trading account.

FNFC up again

First National Finance Corpor-

residence. The weakness currently affecting most international bond markets spread to London yesterday. Government stocks fell sharply on fears that other members of the Group of Five would follow Japan's recent example and raise short-term interest rates. This would effectively rule oot any remaining chance of a cut this year in UK bank base rates.

Recently appearing in need of a new incentive, the Giltedged market reacted sharply to bouts of selling which broking houses described as relatively light. Few buyers were around, however, and in nervous trading longer-dated Gilts fall continuously.

Losses among longer maturities eventually reached a full point with little sign of a recovery developing. Tho shorts were also depressed and sustained falls ranging to 1.

By the collitication of a fell to the collitication of the comment.

The two newcomers to the Unlisted Securities Market made quiet debuts. Gibbon Lyons closed at 70p compared with the respective placing levels of 72p and 67p.

Leading Breweries, having displayed scant alteration throughout the bouse session, attracted occasional interest after-hours and Bass rose 5 to 643p, while Allied-Lyons put on 3 to 270p. Rogiocals featured Vaux, finally 11 higher at 368p.

Distillers louched a new high of 443p following weekend Press coment concerning Argyll'e following weekend Press sention was also responsible for a gain of 4 to 165p in Invergence of a full point with little sign of a recovery developing. Tho shorts were also depressed and sustained falls ranging to 1.

while Gilt-edged traders nervously watched each movement appearing on their futures continued into the late dealings. Contracting issues were particularly strong with Constain, up 20 at 525p, and Taylor Woodrow, 18 to the good of 535p. Rugby Porticular issues and a fresh burst of takeover enthusiasm.

Buyers' appetites for bid situations, either actual or rumoured, were whetted by news of four new offers. Guinness Peat leunched a contested bid for Britannia Arrow, while agreed taksovers were made via ward White's counter bid for Owen Owen and Bunzi's bid far United Parcels. The NCB Pension Fund announced terms for publicly-quoted Drayton Premier.

Building shares continued to meet persistent buying which continued into the late dealings. Contracting issues were particularly strong with Constain, up 20 at 525p, and Taylor Woodrow, 18 to the good of 535p. Rugby Porticular in the late dealings. Contracting issues were particularly strong with Constain, up 20 at 525p, and Taylor Woodrow, 18 to the good of 535p. Rugby Porticular in the late dealings. Contracting issues were particularly strong with Constain, up 20 at 525p, and Taylor Woodrow, 18 to the good of 535p. Rugby Porticular in the late dealings. Contracting issues were particularly strong with Constain, up 20 at 525p, and Taylor Woodrow, 18 to the good of 535p. Rugby Porticularly strong with Constain, up 20 at 526p, and Taylor Woodrow, 18 to the good of 535p. Rugby Porticularly strong with Constain, up 20 at 526p, and Taylor Woodrow, 18 to the good of 535p. Rugby Porticularly strong with Constain, up 20 at 526p, and Taylor Woodrow, 18 to the good of 535p. Rugby Porticularly strong with Constain, up 20 at 526p, and Taylor Woodrow, 18 to the good of 535p. Rugby Porticularly strong with Constain, up 20 at 526p, and Taylor Woodrow, 18 to the good of 535p. Rugby Porticularly strong with Constain, up 20 at 526p, and Taylor Woodrow, 18 to the good of 535p. Rugby Porticularly strong with Constain, up 20 at 526p, and Taylor Woodrow, 18 to the good of 535p. Rugby Por Building shares continued to

Occasional selling coupled Revived support in a narrow with currency influences saw market lifted Body Shop Inter-ICE drift lower to close 15 off national 35 more to 850p.

Takeover excitement among secondary Stores continued apace following the agreed counter-bid for Owen Owen from Ward White. The former touched a new peak of 530p before closing 28 to tha good et 523p, while Ward White rose 12 to 314p, after 320p. Clayform Properties, original suitors for Owen Owen, were marked up to 285p in immediate response to the news, but finally settled 3 cheaper on balance at 235p. In contrast, Elys of Wimbledon, in which Owen Owen controls a near-30 per cent stake, spurted 30 to 640p xd. Liberty advanced 20 to 830p with the non-voting shares 30 to the good at 630p, while S. Simpson A hardened 10 to 275p. A favourable Press mention lifted A. Goldberg 7 to 74p, after 77p; the interim figures are scheduled. Tor November 13. Cautors leant 25 to 120p, with the A shares are the 18 higher at 20 refers. Owen Owen counter-bid First National Finance Cotporation again stood out in the banking sector, with a fresh gain of 8 to a 1985 peak of 162p on mounting speculation of a bid from Bats. Elsewhere, Rethischild attracted renewed support and closed 2 dearer st 113p with the Warrants, the sama amount better at 44p, but Heary Anshacher came on offer 74p, after 77p; the interim figures are scheduled. Tor clearers were virtually ignored. November 13. Cantors leaping 120p, with the Ashares another 13 higher at 92p reflecting further strength in the wake to 375p as did Steel Barrill to 042p, while PWS International gained 5 to 250p and Willis

FINANCIAL TIMES STOCK INDICES

•				•			
· · · · · · · · · · · · · · · · · · ·	Oct. 26	Oct. 25	Oct. 24	0ct. 86	Oot.	Oct.	ago Year
Government Secs	83,60	84,04	84,85	84,47	84,47	84,53	80,76
Fixed Interest	89,50	00,02	90,35	90,38	90,55	90,34	83,85
Ordinary V	1048.6	1050,8	1051.8	1051.5	1041.0	1048,0	878,2
Gold Mines	252.5	237,1	262,5	050.0	253.5	272.7	010.2
Rrd. Dly. Yield	4,59	4,58	4.59	4.59	4.63	4,65	4.83
Earnings, Yld. %(full)	11,25	11,22	11,23	11,94	11,53	11,38	11,80
PIE Ratio (net) (")	10,99	11.01	10.00.	10,98	10.88	10.85	10.42
Total bargains (Est.)							
Equity turnover £m.	-					502.75	
Equity bargains	-	07,006	24,365	01.837	22,481	24,257 ⁱ	16,720
Chares traded (mi)	_					177.5	
··· •	-	-					
10 am 1049.8	11 a	m 1051.6	. Noon	1052.4	1 pm	1052,1.	
2	1062.0	3 2	1067.0	4	1049.71		

Day's High 1052.4_ Day's Low 1046.6. Besis 100 Govt. Secs. 16/10/28. Fixed Int. 1928. Ordinary 1/7/36 Gold Mines 12/8/55. SE Activity 1974.

HIGHS AND LOWS S.E. ACTIVITY

					INDICES			
- 1	. 19	86	Since Co	mpilat'n	!	Ogt. 23	Oct.	,
	High	Low	Hìgh	Low	Delity Gift Edged		,	•
Govt. Secs.	84.57	78,02	127,4	49.15	Bargains Equities Bargains	125.6 175.0	105.7	
Fixed Int	90,38 (25/19) (150.4 (28/11/47)		Value 6 dayAverage	968,8	8,889	:
Ordinary	1051.0	011.0 (25/7)	(24/10/86)	28/8/40	Gift Edged Bargains Equities	119.6	126,7	
Gald Mines	536.0 (15/4)	250.2 (26/16)	784.7 (15/2/85)	48.5	Barosins		149.4 874.6	

James Beattio A, 7 higher at 92p. 345p, reflecting revived apecula-

Leading Retailers were relotively subdued, most content to drift easier for want of attention. Marks and Spencer, however, succumbed to more sizeable offerings, closing 5 cheaper at 165p awaiting today's half-timer.

Racal wilted under renewed selling pressure and dropped to e 1985 low of 120p before closing a further 6 down on balance et a further 6 down on balance et 122p following adverse comment in the wake of Friday's news of problems at its Racal Milgo data telecommunications subsidiary and, the lowering of profit projections by the company's brokers, Scrimgeour Kemp Gee. Plessey, meanwhile, lost 4 to 132p with sentiment here still depressed by the company's unsuccessful attempt in securing a incrative U.S. defence contract. British Telecom, on the other depressed by the company's unsuccessful attempt in securing a incrative U.S. defence contract. Entitled Telecom, on the other hand, rose 3 to 187p, after 188p, in reply to a week-end Press report that the group is likely to be cleared by the Monopolies Commission in its bid to buy 51 per cent of Mitel, the Canadian concern; the latter lost 6 at 418p. Among secondary Electricals. VG ational Buyers also displayed interest in Among secondary Electricals, VG Willis Amber Day, 1½ up at 13p, and Instruments rose 12 to 340p, after

tion concerning Bats' sizeoble stake in the company, while Oxford Instruments, at 350p, recorded a Press-inspired rise of 10. Amstrad put on 6 to 174p,

also after a newspaper mention.

also after a newspaper mention.

Engineerings enjoyed a lively trade, although the leaders, were overlooked. Adwest, reflecting demand from Birmingham advanced 17 to 210p, whils Press mention stimulated fresh buying of Thomas Locker issues; the Ordinary improved 4 to 38p and this A 3 to 31p. Hopkinson responded to the interim results with a further gain of 4 st 166p. Mt. Holdings were good and put on 7 more to 337p, while Wellman stood out among smaller-priced issues with an improvement of 2 to 144p. In contrast, Clayton Son dipped 27 further to 10p on the half-year loss.

Renwick Group good

Renwick Wilton featured a rise of 35 to 300p in responsa to sharply increased half-year profits. United Parceis were also outstanding at 145p, up 32, after the agreed bld from Bunzl. Renewed speculative demand lifted Bridon 3 to 122p and

YESTERDAY'S

ACTIVE STOCKS

European Ferries 4 to 155p, after 1603p. Noteworthy gains in response to favourable weekend Press mention included Belgrave Holdings, 12 up at 112p. Colorail, a like amount dearer at 240p, Diamond Stylus, 7 to the good at 37p, and Dominion Infernational, also 7 better at 105p. Renewed investment support left Rank Organisation 15 higher at 465p, after 470p, but Henry Boot, still reflecting the St&m first-half loss and reduced interim dividend, foll 16 more to 280 xd for a two day fall of 94. Presswich, in reply to bumper annual results and a proposition, but thereafter dirited back on profit-taking to close 19 up at 465p. Continuing nervousness about the possibility of a steep decline in tin prices when the London Metal Exchange eventually resumes trading in the metal caused renewed weakness in tin producer Geevor dipped to e year's low of 132p prior to rallying and sessions. Ayer Hitam dropped to 250 xd for a two day fall of 10 to 215p, Troneh 5 to 175p and Malaysian Mining 3 to 30p. interim dividend, foll 16 more to 280 xd for a two day fall of 94. Prestwich, in reply to bumper annual results and a proposed one-for-one scrip issue, advanced 14 to 196p. Other good spots included Granada, 10 firmer at 208p, and BBA, 8 higher at 128p. Most leading miscellaneous in du strials showed little alteration, but Metal Bax attracted buying ahead of the interim figures, dus later this month, and rose 11 to 528p. BTR, belped by interim figures from subsidiary Thomas Tilling, improved 9 to 380p.

Two contrasting features

an initial declino in the riban-cial Rand were sufficient to prompt persistent small offer-ings, despite o steady bullion price. The lotter ended the day a net 51 firmer at \$326.75 an

Two contrasting features emerged in Properties on trading statements. Samuel dropped 7 to 176p, after 175p, following disappointment with the annual results and asset-value, but Alkied Loadon firmed 4 to 120p in reply to higher profits and a proposed 50 per cent scrip issue. Drayton Premier spurted 69 to 515p — a premium of 15 on the offer from the National Coal Board pension funds. The bid

Board pension funds. The bid for Drayton Premier stimulated enthusiasm for other Invest-ment Trusts with Drayton Cou-solidated 14 higher at 325p, and English and International 9 to the good at 132p. Gresham House rose 10 to 255p. Financials also provided numerous noteworthy features. Britannia Arrow touched 144p before settling 9 higher on balance at 140p following the rejection of the long-awaited bid from minority shareholders Guinness Feat, 2 np at 77p, after 79p. Britannia Arrow Warrante

Oils edge higher

7 to 88p. Oil Search, however, came under renewed pressure awaiting news from its Papua New Guinea nil exploration well and dipped 31 to 351p.

liminary results on October 15.

ACTIVE STOCKS

Vol. | Last | Stock

17 10 =

15.60

7.20 FL 48 21 FL270 10.90 FL186. 7.50 FL 91.1 10.50 A FL 886

FL270.50 FL126.20

F1.02.50 FL 182,50 FI. 75.60

FL 49.30 FL 197.60 "

4 4.50 84 3.60 20 4.80 195 11.20 60 5.60 25 8.50 13 03 6 8.50

11,50 4,80 5,80 6,50 3,20 2,90 10 5,10 4,50

15 327.1

FRIDAY'S

EUROPEAN OPTIONS EXCHANGE

41 -0

Vol. | Last

0.40 1 0.80 0.50 1.80

5.20 1.80 1.80 0.10 0.10 0.10 5.40 7.80 14.20 28.50 1.70 0.10

1.80 2.80 5.10 3.40 0.90 11.50 3.40

F1.75 F7.6000 F7.6000 F1.50 F1.200 F1.200 F1.210 F1.190 F1.340 F1.320

NATR P PETR P PETR I PHIL C RD C RD C RD C RD C RD P ROBE C UNIL P

Vol. | Last

4,50 0

7,90

63 | 25,90 | 18 | 4,50 | 7,50 | 6,70 | 16,70 | 1,60 | 6,70 | 15 | 6,80 | 15 | 6,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 16,80 | 1

8 19

79p. Britannia Arrow Warrants rose 6 to 46p. Comment in the weekend press prompted fresh support of Exco International, 12 np at 220p, and London Investment Trust, 4 better at 30p. For rate indications see end nf Unit Trust Service

Unit Trust Service

Stocks favoured for the callincluded Molins, Olives Poper
Mill, S. & W. Berisford, Sound
Diffusion, STC, Holt Lloyd,
Amstryl, Celtic Haven, Pavion,
Distillers, John Brown, Falcon
Resources, Jonas Woodhead,
IBL, H. Young and Cadbury
Schweppes. No puts were done,
but doubles were taken out in
Polity Peck and Celtic Haven. Polly Peck and Celtic Haven.

Overseas Traders highlighted Paterson Zochonis, which advanced 201 to 206p xd follow-ing press comment; the shares have risen from 186p since tha Interest in mining markets was largely centred oo Consoli-dated Gold Fleids after the flurry of buying interest late on Friday which was accom-

panied by widespread rumours of a consortium bid of 650p a share. Gold Fields opened higher at 470p, helped by widespread press comment on the takeover speculation, but thereafter drifted back on profit-taking to close 19 up at 465p.

An easier trend in overnight Sydney and Melbourne markets promoted a cautious Londoo session in Australians. Concern over the suspension of tin trading on the LME unsettled tin-producer Realson, down 10 more et 275p. Top-quality diversified stocks showed minor movements in either direction but one or two of the second-line Golds attracted renewed support, especially Car Boyd, 5 better at 92p and Matana Minerals, which improved 6 to 136p.

OPTIONS

First Last Last. For Deal- Deal- Declara- Settle-ings iton ment Oct 21 Nov. 1. Jan 23 Fob 3 Nov 4 Nov 15 Feb 6 Feb 17 Nov 18 Nov 25 Feb 26 Mar 3 February indications see and not see and

South African Golds resumed their recent downtum. Selling pressure was by no means heavy but continuing worries over the current bouts of civil unrest and an initial decline in the Financial Ward surface strifficient to

Randfontein showed a £1 fall to £46 and among other leading issues, losses in the region of ½ were common to Buffels, at a 1885 low of £15½. Vaal Reefs, £39½. Western Deep, £19½ and President Brand, £11½. In the cheaper-priced stocks, Durban Deep lost 31 at 456p. Libanen 43 to £44p and Western Areas 7 to 163p. South African Financials provided a handful of firm spots, most notably Transvaal Consolidated Land, which improved £1 to £17 ahead of tomorrow's laterim figures.

An easier trend in overnight

The leading oils generally managed to record minor gains in quiet trading. Elsewhere, Charterhall were prominent and improved 4 to 35p. Vagus takeover rumours helped North Sea and General edge up 5 to 85p. Australia's Claremont Petrolemm benefited from favourable Press comment and moved up

> RISES AND FALLS YESTERDAY

| 186 | 100 | 1/11 | 148 | 117 | 115 | 10 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105 | 105

FIXED INTEREST STOCKS

RECENT ISSUES

EQUITIES

1											
	tenue price E	tmount paid up	Renuno.	1988 Stock							
	\$96,456 \$100 \$98,394 \$07,817 88,466 \$100 100	250 P. 250 P. 250 P. 255 P. 255 P. 255	25/11 27/11 28/11 5/12 31/1 24/1	32% 29% 100 50pm 24% 10% 44% 110 50 100% 99% 100 25%	295 271 100 10pn 255 104 253 1004 841 47 983 100	Bank of Orece 105, 21. 2010. Benner 102 Grv. Ura. Lr. 1995. Brit. Banzol 132 Grv. Ura. Lr. 1995. Brit. Banzol 132 Grv. Ura. Lr. 1995. Brit. Banzol 132 Grv. Ura. Lr. 1995. EstbourneWster 1128 RedDebt. 2865. EstbourneWster 1128 RedDebt. 2865. Est. & Gen. Inv. 11 1, 2181Mort. Deb. 2868. Est. Brit. 1995. Est. Brit. 1995. Est. Brit. 1995. Est. Brit. 1995. Est. 1996. E	100 60pm 2754 1012 451 07 1001 ₂ 51 ₇ 110 48 9954 100 25	-5g -5g -5g -5g -1g +2 -1g -1g			

RIGHTS OFFERS

							-
Issne	d up	Latest Renunc. data	198	5	Stock	Closing	 + •
price	₹.E	date	High	Low		5"	<u> </u>
DM 190 116 48 85 60 165 010 100 100 225	F.P. NO F.P. F.P. NO F.P. NO F.P.	20/11 11/11 01/11 01/11 6/11 62/11 30/10 12/11 6/13	00pm 11% 11pm 85 100 22pm 223 246 36pm 12pm 11 336	104 8pn 37 100 15pn 180 240	BASF A.G. NM 50 Blacks Leisure 10p Blamp-Anderson 10p. City She Estates Growther (i) DRG Emess Lighting Garrinnke's Rest. 10p Howard & Wyncham 5p. Schumberside Elect. 20p. ML Hidgs	101gpm 59 125 10pm 220 345 36pm 12pm	-) +1

Resonciation data usually last day for dealing free of stamp day. A Figures based on prospectus estimates. g Assumed dividend and yield. H Olvidend and Yield based on prospectus or other official estimates for 1966. U Forecast otherwise indicated. I tesued by tander. E Official holders of ordinary states as a "rights." ** lasted by way of capitalisation. §5 Reintroduced. 11 Issued in connection with reorganisation merger or takeover. E Alcument latters or tulky paid. El introduction. & Unitated Securities Market. § Pincing price. # Nack in under Rule 535 (3). Wheat in under Rule 535 (4) [8].

NEW HIGHS AND **LOWS FOR 1985**

NEW HIGHS (181)

LOANS (3)
CANADIANS (1)
BANKS (5)
BREWERS (7)
BUILDINGS (18)
STORES (17)
BUILDINGS (18)
STORES (17)
BUILDINGS (18)
ENGINEERING (8)
ENGINEERING (8)
PROTES (2)
INDUSTRIALS (32)
VERSEAS TRADERS (2)

Aberdeen Stk. Hises, Kennedy Brooker INDUSTRIALS (S)
Pritoherd Services
Securious of INSUBANCE (IJ. Abbey Life
LEISURY (3)
Piccapility Radio 21st Century Oist. Gold Fleids Prop. SASOL

STORES (1)

ELECTRICALS (5)

LONDON TRADED OPTIONS Apr. July Jan, Apr. July Nov. Feb. May Nov. Feb. May 80 40 14

				, 42	,	, 50	1 D4	·	400	3	14	22	36	36	45
Cons. Gold (*464)	690 420 460 500	90 53 42 20	100 77 08 28	80 60	10 22 44 94	8 81 57 55	.50 50 50	Fince! (*192)	130 140 150 180	0 3 11 ₂	12 4 6	20 13 4	10 92 42 62	10 24 42 68	18 26 42 68
Same and the	550 600	4	=	=	**	=	=	R.T.Z. (*544)	600 600	50 14 2	58 33 10	45 21	9 80 64	10 54 78	48
Courtevide (*157)	120 130 140 150	80 80	35 24 15	98 10	087	11 ₂ 3 0 0	0 11	Vaal Roofs (*\$56)	50 60 70 80	10 8 1 1056	18 01 ₉ 94	10 01 ₉ 61 ₄ 23 ₆	11g 51g 131g 05	6 64 14	0 131
Com. Union (*250)	200 220 240 250	56 39 28 10	63 44 07 18	34	11g 21g 6	214 6 12 26	15 25	Ex10% 1989 (*£98)		074 173 04 04	11/2 41/3 01/4 01/4		2000 2000 2000 2000 2000 2000 2000 200	9814 04 04 01 85	254
G.E.C. (*160)	140 160 180 200	38 15 6	30 22 11	200 141	0 22 42	10 23 42	14	Tr 1199 1881 (%2104)	102 104 106	=	=	046 124 04		=	01g
Grand Met. (*860)	280 300 350 360	08 .78 45 22	100 50 53 28	62 58	11g 0 0 14	2 4 0 20	11 88	75. 1178.95/87 (*£110)	108 110 110 114	2件 0件 0本 0件	212 160 012 036		013 013 41s	078 079 258 414	0 d 1/4 4/4
LO.L (*642)	550 700	67 34 13	75 40 25	50 02	9 55 50	17 49 70	22 47 77	Optio	n .	Dec.	Mar.	June	Dec.	Mar.	June
Land Sec. (*510)	750 260 280	60 40	46 31 10	36	110 116	4	 =	STR (*371)	350 350 360 375	38	57 40	70 53	0 16	7 17	10
Marks & Sp.	300 330	24 e	(44	\$1	01	25	26	Beecham	390 300 330	28	20	33	25	30 10	35
Marks & Sp. (*165)	130 140 160 180	40 60 14 41	34 17 0	01	10	10 20	15	(*820) Bass	360	155	20 6	27	20 46	10 95 48	00
Shell Trans	660 700 750	50 10	07 36 90	78 47 —	27 67	14 33 75	10 40	(*644) De Seers	550 500 650	105 60 20	115 74 35	127 97 50	53 0 0	19 30	10 17 85
Traffgar Hee (*854)	220 260 260	13 6	39 25 13	47 00 	18 36	03 41	10 86	(*\$4,18) ·	460 500 550	27 10 5	48 00 13 5	33	60 47 85 155	52 57 90 135	11.85
Option		Nov.	Feb.	May	Hov.	Feb.	May	G(CN (*250)	940 940 050	23 10	42 29	49 35 24	0 10	6	5 12 22
BAT Inda (*271)	280 200 350	17 6 1	20 20 7/s	58 27 17 0	16 52 62	81 53 55	10 27 38 63	Glanto (*1585)	1250 1300 1550 1400	100	180 140 100 50	200 160 120 85	50 50 60	10 80 60 70	32 50 70
Barciare (*414)	\$60 385 390 420 435	36	77 50 28	86 60 37	3 - - -	5 10 95	0 17 32	Henson (*208)	180 190 200 216 220	20 20 5	36 061 ₂ 13	31 101e	14	10	0 10 26
Brit. Aero #441)	500 350 560 590 400	145 115 85 66 37	160 125 00 67 48	155 103 77 58	11127	1 0 0 10	1 2 10 22	Jaguar (*304)	240 260 280 300 530	07 47 54 22 51 ₂	76 53 39 30	40 49 39	1: ₂ 6 11 50	11 _g 16 22 15	90
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FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY 6	Mon Oct 28 1985							E de so	Thurs Oct 24	Wed Oct 23	phburr) são Aest.		
Fig	Figures in parentheses show number of stocks per section				Day's Change	Est. Eaguing Yield % (Max.)	Y	PORS Day ind(% VC) at VC(%)	Est. P/E Ratio (Her)	ud adl. 1985 to date	(miex Mg.	jades No.	fadex No.	federa No.
1]	CAPITAL GOODS	(206)		548.10		10.55		4.15 4.36	11.89	13.51 15.30	544.91 607.41	545.52 602.64	545.13 597.45	522.01. 479.06
2	Building Materials Contracting, Const	ruction (2	28)	615.47 945.31		10.66	1	445	11.70	25.95	936.5Z	928.17	923.67	648.34
4	4 Electricals (13)			1520.67		10.65		4.94	11.99			1525.81 1286.22		1511.04 1897.98
6	5 Electronics (39)			1257.70 319.97		10.59		449	11.44	8.17			317.99	255.54
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21	CONSUMER GRO	WP (177]	725.1	-0.1	8.85	1	3.70	14.15	14.71	726.12	724.05	729.63	554.12
22	Brewers and Distill Food Manufacturin	lers (23)		756.Z		9.11		3.63	13.95	13.92	755.74 543.83		746.60 534.85	
26	Food Retailing CL	L)		1691.9	- 1	5.87	1	2.49	23.84	23.30	1672.18	1711.59	3693.48	
25 27 29	Health and House		HCT2 (9)	716.8		8.82		295	17.09	11,95 23,43		711.29	712.40	936.24 594.56
32	Newspapers, Publ	Ishing CL	00	19024	+01	8.07	7	4.72	15.96	51,02	1900.37	1898.63	1896.50	1298.16
33	Packaoine and Pa	per (13)		735.47		7.01		243	19.35	8.10 12.16		367.04 740.61		
34 35	Stores (42) Textiles (16)			349.3		12.43		477	9.16	8.58	349.33	347.66	344.83	286.05
36	Tobactos (3)			765.0	+8.2	17.61		5.57	6.47	39.77 15.57				
41	OTHER GROUPS Chemicals (19)					9.2		4.12 5.62	14.04 9.09	25.19	685.62	686.64	684.84	654.68
44	Office Foulament	(4)		272.6	+2.6	7.20	1	3.93	16.57	6.20		221.00		
45	Shipping and Trac Miscellaneous (63	sport (1.))	1374.0		7.17		3.95 3.77	1711	36.20 15.64		865.05	1367-19 861.76	
48	Telephone Netwo	ries (2)		872.5		8.5		3.72	15.65	14.38	861.97	867.11	677.24	0.0,
49	INDUSTRIAL CI	9UP (40	2)			9.3	_	3.92	13.50		676.82		675.27	
51	Offic CLES			719.0		16.2		7.53 4.58	7.57 12.28		717.64			1069.60 583.86
57	500 SHARE INDI					 	+	473	-	14.94				
62	Basiks (6)			. 510.8	g	17.5	•	5.89	8.35	28.18				
65 66	fosurance (Life) (Insurance (Comp	97		780.2	기 - 22	1 =	1	4.36 5.07	=	23.40			777.39	
67	Insurance (Broke	rs) (7)		.)	5) +0.6	7.3	s {	3.66	18.74		1173.84	1172.22	1745.00	827.96
68	Merchant Banks (<u></u>		_ 266.2	4(+8.Z	54		4.28 3.47	2471	5.80 12.71				
70	Property (51) Other Financial(2	3)		300.2		10.1		5.53	12.16	11.00	294.00	270.51	291.51	248.96
77	Investment Trust	(107)				23.2		3.50	2.34	12.63				
91.	Mining Flance C Guerseus Traders	(74)			3 +0.2 5 +0.4	12.0		423	9.22		584.2			
99	ALL-SHARE IN	EX (736)			=	I	443	_	17.39	454.54	656.81	654.87	536.30
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_		Man	Day's	Fri	and and i	n 26.			sk Gove			9.95	9.83	13.62
	PRICE INDICES	Oct	change)	Oct.	today	1985	2	Low Count		5 years 15 years		19.18	10.10	19.55
		28	%	25		to date	3	,		25 years		19.20	10.13	10.19
	British Gerenman	1				1		Media		5 years. 15 years.		16.79 16.54	10.44	10.94
1	5 years	119.18		119,49	~	9.61	6			5 years.		18.21	10.09	10.30
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4	4 bredeenables 149.11 -0.94		150.53	-	13.34			emphies			9.76	9.66	3.96	
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_	Debartates & Laura			13477	613	B_97	12		4	75 year		37.76	11.65 11.66	12.85
					9,16	5.70	<u> 13</u>					22.74	12.73	23.22
							5.70 14 Professor							
			 -		GUYER	MERT.					,	2.00	3.56	3.35
-6	All stocks	116.89	-0.38	111.31	- }	2,69	15	untati	00 rate	59 109		3.57 3.40	3.57	336

WORLD STOCK MARKETS

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	OVER-THE-COUNTER Nasdaq national market, 2.30pm prices	RIV.S.F. ALL COMMODI
4	Stock Sales High Lee Last Cling Stock Sales High Lee Last Clin	180.15* 180.36 180.88* 113.43 94.60 Rises Tabled 1,977 1,365 1,393 866 1777) Rises 551 711 866 SPAIH 1777) [4/1] Felix 883 807 644 Medicid 5E (28/12/94) 125.82 125,87 125.75 125.87 125.87 (25/10) 101.40 (2/1)
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Ž	Parachi :15	Continued from Page 41 129 68
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Prices at 3pm, October 28

NEW YORK STOCK EXCHANGE COMPOSITE PRICES Fugual A.5 1.3 9 1339 3116

G. G. G. G. G. G. G. C. A.5 1.2 392 4114

GATX 1.20 4.1 13 717 2914

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Kidder, Peabody Securities

Market Makers in Euro-Securities

New York • London • Paris • Geneva • Zurich • Hong Kong • Tokyo

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LN M2.94e
LLE R9/22e
LLCV
LTVA 43t
LTV pf3.75
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LTV pf3.94;
LTV pf3.94;
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Prices at 3pm, October 28

FINANCIAL TIMES WORLD STOCK MARKETS

WALL STREET

Cautious response to results

THE U.S. Treasury's decision to press ahead with its \$17.75bn refunding this week, despite the impasse over the federal debt ceiling and concern over Japanese interest rates, drove U.S. bond prices down yesterday, writes Terry Byland in New York.

Long-dated federal bonds extended early losses following the Treasury an-nouncement to show net losses of more than half a point.

At 3pm, the Dow Jones industrial average was down 1.57 at 1,354.95.

The rise in short-term rates in Japan lessens the attraction of U.S. federal bonds for Japanese investors, and could reduce their presence at this week's auctions of U.S. Treasury securities, which hegin today with the sale of \$6.75bn three-year notes.

Japanese stocks rose sharply as the stronger yen opened up arbitraging opportunities. Matsushita gained \$1% to \$57%, Hitachi \$1 to \$34% and Sony \$% to

The stock market was in a more cautious mood in the wake of disappointing results from the Detroit carmakers and from Texas Instruments, Market indices were helped by improvements in both IBM and General Motors, but the overall picture was mixed, with little sign of upward momentum.

Texas Instruments fell \$2% to \$90% on Friday's disclosure of an \$82.8m loss for the third quarter, as well as workforce layoffs. Motorola shed \$% to \$31% and other microchip manufacturers re-mained unsettled by the latest industry

However, Wall Street responded favourably to the trading report from Control Data, which added \$1 to \$18% despite the substantial loss and writeoffs for the quarter.

Honeywell, which laid off a small number of workers, was unchanged at \$60. IBM added \$% to \$128%, Burroughs \$% to \$55% and NCR \$% to \$34.

Good results from Chrysler left the stock \$% higher at \$38%, and the firmer tone spread through the sector. General Motors added \$% to \$65% and Ford \$% to

Stock in U.S. Steel slipped \$% to \$27% in heavy turnover as Wall Street awaited confirmation that the steelmaker would merge with Texas Oil & Gas in a deal worth around \$5bn.

There was also heavy turnover in Texas O&G, with the stock slipping \$%

The major oil industry stocks looked firmer as results were digested. Atlantic Richfield added \$% to \$66% after the trading statement. Standard Oil of Ohio dipped \$% to \$51%, disappointed at the absence of any move by British Petro-

leum to buy in the outstanding equity.

Utility stocks shed early gains as bond
market yields moved higher. Consolidated Edison, however, edged up \$\% to \$35\%, spurred on by a huge block trade.

KEY MARKET MONITORS

1984

BFY

1385

Oct 26

2.9815

53.55

1,3658

3-month U.S.S

U.S. Fed Fu

1992

10%

10% 2015

(years)

1-30

1-10

15-30

TATA

6-month U.S.\$

th CDs

CURRENCIES

Previous

2.653

214.8

2172

53.65

U.S BONDS

10.105

Day's change

-0.24

-0.11

-0.13

-0.73

Yield

10,11

11.10

Oct 28

Price 100%

83%

100%

FINANCIAL FUTURES

92.88 92.91 92.86 92.89

91.82 91.82 91.77 91.76

112-05 112-18 111-21 112-24

1011 10.264 1012 10.20 1002 10.518 1012 10.47

101%

129.57

128.33

125.53

129.81

133.84

Source: Merrill Lynch

10% June 1990

8% May 2000

10% Mar 1993

Abbot Lab

11.80 Feb 2013

Federated Dept Stores

U.S. Treasury Bills (1996)

\$1m points of 100%

\$1m points of 100%

£50,000 32nds of 100%

Dec

LONDON

Dree-tp

Dec

STERLING

1.4225

3.775

305.5

4.2575

76.3

1.9446

1117

8% 7% 7.99 7.46

Price

8.70

8.39

9.65

Price

101

10.78

99°% 8.89 101°% 10.03

Day's

+0.06

+0.05

+0.03

+0.06

10,10

10,97

Oct 28 Previous

1.4275

3.7725

304.75

3.0925

4.256

76.45

11%

8% 7%` 7.90° 7.19°

8.085 11,4975

1.3672 1.95065

U.S. DOLLAR

1983

522.98

.141.57

165.29

1,130,5

536.30

583.86

519.2

441.1

Standard & Poors 500

1982

649.58

187.52

656.66

717.66

257.1

12.937.04 12.854.99 11.155.0

1.052.2

1,756,30° 1,746,29 1,940,00 2,635,20° 2,632,80 2,365,20

128.06 116.26

183.0

98.4

375.38

n/a 239,25 166,79

217.2

122.2

577.21

1,651.25 1,671.73 1,056.84

203.2

381,23 381,38 267.06

1,705.2 1,073.6

398,14 210.34

785.02 853.48

125.87 102.92

380.4

185.4

432.40p

\$325.75

\$326.00

\$326,52

\$326.00

2989.00

£1,749,00

1,448.30 1,439.00 1,462.78

508.1

229,2

432,250

\$326.75

\$326.75

\$327.61

\$326.50

€968.00

€1,830.00

528.5

98.18

1,020.90 1,016.34 850.18

1,050.8

1,347.5 1,347.6

159.16

Previous Year ago

1,356.52 1,204.95

STOCK MARKET INDICES

Oct 28

159.261

658.12

719.09

252.3

1.045.6

524.6

98.03

122.8

574.90

404.09

204.5

772.70

501.2

Oct 25

228.5

COMMODITIES

GOLD (per ounce)

2,716,28 2,788.12

548.72*

1,354.95*

NEW YORK

DJ Utilities

FT-SE 100

FT-A 500

TOKYO

Nikke

Tokya SE

AUSTRALIA

Metals & Mins

Credit Aktier

Belgian SE

Toronto Metals & Minis

All Ord.

AUSTRIA

BELGIUM

CANADA

FRANCE

CAC Gen

Ind. Tendence

WEST GERMANY

FA7-Aktien

HONG KONG

Hang Seng

Banca Comm

KETHERLANDS

ANP-CBS Gen

ITALY

NORWAY

SPAIN

SINGAPORE

Madrid SE

SWITZERLAND

Capital Int'l

(London) Silver (spot fixing)

Oll (spot Arabian Light)

Copper (cash)

Coffee (Nov)

London

Zünch

Paris (fixino)

Luxembourg

New York (Dec)

Swiss Bank Ind

SWEDEN

185

SOUTH AFRICA

Commerzbani

FT-A Aff-share

FT Gold mines FT-A Long gift

DJ Industrials

S&P Composite

There was widespread profit-taking among airline stocks, although losses were not large. American dipped S½ to \$38%, and United 5% to \$46%. With bid speculation reduced, Pan Am eased \$4.

The takeover spotlight was turned off the food and consumer sectors. Beatrice Foods at \$44 edged up \$% in brisk trading. Quaker Oats at \$56% eased \$%. SCM, unchanged at \$73, was still awaiting settlement of legal questions posed by rival offers from Unilever and the Merrill Lynch-led management group.

R. H Macy eased \$% to \$62%, as the market waited for the management.

group to formalise its proposed bid for the shares. Federated Department Stores, a recent bid hope, fell \$1% to

In the credit markets, short-term rates collided behind a Federal Funds rate once more safely below 8 per cent. The Fed drained liquidity with three-day matched sales.

Bond prices continued to sag as buy-ers backed away in preparation for the Treasury auctions.

LONDON

Weak gilts mar equity enthusiasm

WEAKNESS in gilts, sparked by fears that other members of the Group of Five would follow Japan and raise short-term interest rates, marred an active equity trading session in London yesterday. Sharp falls affected all gilts with long-

er-dated issues losing a full point and shorts down by up to 1/2.

Meanwhile, equity turnover increased with demand for second-line industrial issues and renewed takeover enthusiasm. The FT Ordinary share index slipped 2.2 to 1048.8.

Guinness Peat, up 2p to 77p, launched a contested bid for Britannia Arrow, which added 9p to 140p. Ward White firmed 12p to 314p on its counter-bid for

Owen Owen, up 28p at 523p.

Chief price changes, Page 39; Details, Page 38; Share information service, Pages 36-37.

SINGAPORE

DISAPPOINTMENT at the lack of new incentives for business in last week's Malaysian budget sparked profit-taking that left Singapore lower in quiet trading.

The Straits Times industrial index lost 12.32 to close at 772.70 in quiet trading. Turnover slipped from Friday's 15.8m to 10.9m.

Smaller, speculative issues were the most active including G. I. Holdings, 8 cents up at S\$2.18, Magnum, down 18 cents to S\$4.18 and Raleigh, down 19 cents to S\$3.52. The downturn left many other indus-

trials lower, including Cold Storage, which was 8 cents down at S\$3.10, Singapore Press, which shed 10 cents to S\$8.40 and Sime Durby, down 7 cents to

AUSTRALIA

BHP, which has led Sydney higher for nearly two weeks, depressed the market after ex-dividend trading in the share brought its price down 26 cents to

The All Ordinaries index closed 6.6 lower at 1,045.8. Profit-taking also hit other industrials

which have reached peaks during the recent record trading sessions. Lend Lease lost 24 cents to A\$6.60, News Corp was 10 cents down to A\$8.70 and Elders IXL lost 8 cents to A\$3.86. Lacklustre world metal prices left

minings down.

HONG KONG

THE FIRST decline for two weeks took place in Hong Kong as institutions moved in to take profits.

Dealers hlamed the downturn on an expected technical correction. The Hang Seng index fell 20.48 to close at 1,851.25. Utilities were generally weak with China Light down 4 cents to HK\$18.70, and Hongkong and China Gas 10 cents lower at HK\$11.20.

Financials followed the trend. Hongkong and Shanghai Bank lost 5 cents to HK\$7.40, Bank East Asia was down 30 cents to HK\$22.80 and Hang Seng Bank shed 25 cents to HK\$45.75.

SOUTH AFRICA

A LACK of fresh incentives left Johannesburg mixed in quiet trading. Among golds Buffelsfontein and Drie-

fontein were both 25 cents lower at R78.50 and R49.25 respectively, while Gold Fields SA was unchanged at R35. Mining financial Anglo American added 25 cents to R34.25, diamond share

De Beers was 10 cents higher at R14.15 while Rustenburg Platinum was steady at R23.75.

CANADA

SOME confidence returned to Toronto which traded slightly higher after Friday's losses.

Among actives Royal Bank of Canada traded CS% higher to CS30%, John Labatt added C5% to C\$29%, Dominion Textile was C\$% up at C\$13% and Sears Canada firmed CS% to CS10%. Gulf Canada shed CS% to CS20.

In Montreal industrials were marginally down, banks traded higher and utilities were largely unchanged.

TOKYO

Blue-chip electricals lead rally

A SHARP rally, led by Sony, boosted Tokyo yesterday after the declines of the two previous sessions, writes Shigeo

Nishtunki of Jiji Press.

The Nikkei market average rose
104.41 to 12,937.04, recouping much of
the 136.45 loss of the previous two trading days. Only 245.3m shares changed hands, however, against 366.6m on Friday, as many investors stayed away from the market. Advances outpaced declines 479 to 280, with 142 issues un-

changed.

Bond prices continued to decline as the Bank of Japan guided domestic interest rates higher to bolster the yen against the dollar. Bill and call rates soared on Friday to their highest levels since January 1983, discouraging inves-tors in bonds who had been expecting further interest rate falls at home and abroad.

stroad.

Stock investors adopted a cantious attitude at the beginning of yesterday's trading. But as Sony exceeded the Y4,000 mark, hiotechnology, blue-chip electrical and precision instrument stocks rose sharply, boosting the Nikkei index. Sony closed Y160 up at Y4,050.

Recause of falling semiconductor de-

Because of falling semiconductor de-mand and Japan-U.S. trade friction, however, most investors were not actively seeking blue chips. A leading brokerage said that investors who had lost on falls in large-capital and domestic demand-related stocks sold their holdings and bought volatile blue chips and bio-

technologies to take capital gains.

Blue chips were among the day's most active stocks. NEC, with 8.35m shares traded, rose Y50 from Saturday to Y1,200, Ricoh added Y30 to Y1,060 and Hitachi Y15 to Y740. Minolta gained Y27 to Y992, Shin-Etsu Chemical closed Y35 higher at Y815 and Konishiroku was Y17 higher at Y747.

Fujitsu, which rose Y80 at one stage, came under selling pressure after a midterm profit decline was announced. It closed Y1 lower at Y999.

Among biotechnology stocks, Mochida Pharmaceutical rose Y190 to Y9,750, Dainlppon Pharmaceutical Y50 to Y3,010 and Yamanouchl Pharmaceutical Y30 to

The bond market did not recover from Friday's sharp interest rate increase. The yield on the benchmark 8.8 per cent government bond maturing in Decem-ber 1994 rose from 6.300 per cent on Saturday to 8.630 per cent, up 1.070 per cent from last Thursday. On the bond futures market, the To-

kyo Stock Exchange widened the limit of daily fluctuations from Y1 to Y3. This helped conclusion of the first contracts for delivery in December, due in three days, at Y96.63, down Y3. However, contracts tracts totalled only Y51bn, with Y850bn worth of sell orders failing to find buy

EUROPE

Profit-taking wave proves a dampener

AFTER last week's widespread demand, a wave of profit-taking swept across Eu-

rope yesterday, leaving prices lower.

Brussels fell steeply as the technical reaction took hold and the Brussels stock index lost 51.84 to 2,716.28 on declines in most sectors. The movement, however, had been anticipated following

the market's rapid appreciation since the October 13 general election. Yesterday's falls were prompted by price declines in high-volume shares. Fi-nancial holding company Group Brux-elles Lambert shed BFr 70 to BFr 2,450 and market leader Petrofina lost BFr 170 to end at BFr 6,410.

Utilities and chemical issues fell with Intercom closing down BFr 115 at BFr 2,635 and Solvay giving up BFr 220 to

The process of consolidation begun in Frankfurt on Friday continued yesterday and prices ended mostly lower. A late recovery brought stocks up from their lows of the day, however.

Speculative stocks were the most active with AEG benefiting from takeover consideration by Daimler Benz to rise DM 15.50 to DM 257.00. Continued market rumours that machinery maker Linde was preparing to buy part of Deutsche Babcock left the latter DM 14.00 firmer at DM 215. The rumours, however, have been denied by both

After surging DM 50 last Thursday on reports that it had developed a substance to kill the Aids virus, Degussa fell DM 11 on profit-taking to stand at DM 485. Other chemicals ended lower with BASF DM 3 off at DM 267, Bayer DM 2.90 at DM 257 and Hoechst DM 1.70 at DM 258.80.

A weaker bond market and stronger local interest rates drove banks lower led by Deutsche Bank with a DM 4 drop to DM 675.50. Dresdner shed DM 2 to DM 336 and Commerzbank DM 1 to DM

Bonds dropped by as much as DM 1.50 as foreign investors sold D-Mark issues on the firm undertone of the dollar. The

on the first undersone of the collect. The Bundesbank bought a sizeable DM 71.9m worth of domestic bonds after purchases totalling DM 16.3m on Friday.

Zurich entered a period of cooling of after last week's rallies and prices declined on low volume as investors took to the sidelines. to the sidelines.

suspended and closed at Swfr against Swfr 685 on Friday.

against SWFT 000 on Friday.
In transport issues, Swissair moved against the trend to end SwFr 25 up 44 SwFr 1,565. Despite a favourable outlook, Swiss Volksbank registered a SwFr 70 fall to SwFr 2,160.

Bonds finished steady in light volume with many issues unchanged and most others posting small gains or declines in the absence of any fresh factors.

Late profit-taking in Amsterdam wiped out some of the gains recorded

early in the session.

The ANP-CBS general index, calculate ed at mid-session, did not reflect the lat-er declines and touched a record 224,7, up 0.7 from Friday's previous record.

Unilever was the only market leader to advance at the close, gaining F12.80 to F1 341.50. Among other blue thips, Aktin eased 80 cents to F1 128.20, Philips 18 cents to Fl 49.30, Royal Dutch 96 cents to Fl 187.60, and KLM Fl 2.50 to Fl 52.36.

In the banking sector, ABN rose F12 to F1 527 and Amro gained 90 cents to F191.10 while NMB shaded 50 cents to

Bond prices fell by 30 to 80 cents in slow trading. Paris rose for the fourth consecutive session as foreign huying interest

pushed prices higher.
Thomson-CSF led the electrical sector apwards, with a gain of FFr 18 to FFr 580. The rise followed Friday's news that the group had earned FFr 336m against a year-ago loss of FFr 124m. Moulinex

was also higher at FFr 57, up FFr 2.60. Continued strong buying interest after last week's cut in interest rates left Stockholm mixed to higher with Electro-lux, up SKr 1 to SKr 187, topping the

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Ericsson added SKr 3 to SKr 207 while Volvo gained SKr 2 to SKr 237.

Milan ended firmer as equity mutual funds appeared to ignore Italy's continuing government crisis and remained Madrid fell in light trading.

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